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*** Prospects of Trade With Germany Analyzed**

93CH0817A Budapest HETI VILAGGAZDASAG in
Hungarian 3 Jul 93 pp 86-87

[Article by Bela Weyer: "Hungarian-German Trade; Caution, Slippery!"]

[Text] As spectacular as the expansion of Hungarian-German economic relations was in previous years, as much as we were able to replace in the Western part of Germany the markets we had lost as a result of the demise of the GDR, as large is today's threat of a breakdown of trade with Hungary's "most important partner." During the first four months of the year, Hungarian exports dropped by at least 25 percent as compared to the volume exported during the same period last year. Based on an on-the-scene investigation by our reporter, the causes of the decline include both the recent recessionary trend experienced in the German economy and the traditional clumsiness of Hungarian shippers.

"You are salesmen in order to sell the merchandise," Ferenc Kollar and Peter Pogonyi, representatives of the Darmstadt-based Eltrans GmbH are frequently told when Eltrans tries to convince its Hungarian partners that things cannot be sold in Germany according to their plans, at prices they had in mind. An inexhaustible number of examples exist, but one of the most beautiful examples pertains to white, plastic lawn chairs, offered by the optimistic Hungarian shipper at an FOB Hungarian plant price of 30 German marks [DM], while resourceful Hungarian tourists were able to load in their cars similar chairs for DM10, each, across the street from Eltrans, in the parking lot of the Hertie department store.

Such large differences do not occur every day, of course, but the fact is that industrial product prices that have been stagnating for years in Germany, and inflation in Hungary have increasingly led to calculations which render Hungarian goods noncompetitive even before they begin their journey from Hungary.

The Central Statistical Office (KSH) indicates that the value of Hungarian exports destined to Germany amounted to 54.5 billion forints between January and April 1993, and this represents only 75.8 percent of the value exported during the same period last year. Along with this spectacular drop in exports, however, imports flourish: The value of imports amounts to 70.1 billion forints, or 111 percent of the value of imports during the same period last year. Accordingly, we are witnessing the evolution of a rather heavy trade deficit. This is so, because while the German economy—struck by recession—escapes, in part, to Hungary in search of markets, German markets become closed to Hungarian shippers and service providers.

The reduced exports can be explained rather simply in economic terms: Since price and wage increases in Hungary are not offset by forint devaluations, this fact automatically narrows the scope of goods that can be

exported even under otherwise unchanged conditions. Along with the melting away of comparative advantages, extra profits that could be attained through exports are virtually beyond reach: The market pays extra profits only for products complying with the best technological standards. In contrast, however, technological development as such does not exist in a decisive majority of Hungarian firms. "The scope of products we export is shifting in the direction of cheap, mass-produced items," Ferenc Kollar summarizes the consequences.

Judging from the vantage point of the Eltrans office in Darmstadt—a subsidiary of Transelektro Corporation with an annual sales volume exceeding DM10 million—among the causes of the decline of Hungarian enterprise exports the failure to accomplish technological development occupies a prominent role not only because without it one cannot present new products in the market, but also because once accepted products with existing markets cannot be kept on the market. This has happened with respect to electrical coffeemakers: Although they did not represent state-of-the-art high technology, the "echte ungarische Mokka" [original Hungarian coffee] machines were easily saleable for years. But after the German buyer requested the Hungarian manufacturer in vain to produce something new, something more modern, or at least a further-developed model for the sake of appearances, he performed on his threat and simply dumped the Hungarian shipper refusing to order additional coffeemakers. From this standpoint electric boilers alone may be considered an exception: Delivering tens of thousands of units, the Hajdusag Industrial Works (HIM) was able to retain its position, moreover, since last January, it was permitted to certify its quality assurance system by attaching a certificate received from TUV, the German technical supervisory authority.

HIM, however, appears to be sort of an exception that strengthens the rule. This is so, because even if HIM is able to agree with the German customer regarding price and quality, and even if it does not suffer the same fate as the mini-kitchens—the production cost of which exceeded DM400 by the time they assembled the two-burner stove, the small dishwasher and the refrigerator, while the Massa department store chain catalog offered all the equipment for DM399—the chronic shortage of funds continues to threaten Hungarian enterprises. "It has become routine practice even for large enterprises to request an advance, or, at least, a confirmed order to enable them to receive instant cash at the bank. This is how short of money they are," Ferenc Kollar says. Not even advances and confirmed orders guarantee success based on the most unsuccessful scenario: The money received is expended for a different purpose, or the regularly reoccurring nightmare of all foreign traders comes true, one that is neutral from the standpoint of the existing system: the shipment from Hungary fails to arrive when and where it should arrive, and contains something different from what the buyer had purchased. "Our telephone bill amounts to between DM3,000 and

DM4,000 every month; at least 70 percent of this amount covers telephone calls to Hungary, urging, explaining, begging," Ferenc Kollar explains the position of dependence in which "first line" traders find themselves.

Quite naturally, the German recession also contributes quite a lot to the growing difficulties in the path of sales, wholesalers use the reduced demand to ruthlessly cut selling prices. This, coupled with production cost increases in Hungary that exceed increases in the exchange rate of the mark, represents in certain cases the coup de grace for Hungarian industrial enterprises whose production costs are already high. All this is accompanied by the decline in agricultural and food industry exports, which follow the "national trend" in Germany, too: During the first four months of the year the value of agricultural and food industry exports amounted to only 57 percent of the previous year's export value during the same period.

Revenues produced by Hungarian construction firms under work agreements called "Werkvertrag" in German, could have offset somewhat the declining mercantile trade, but as soon as these revenues began to grow, they were facing the wall of the classic capitalist struggle for daily bread. Based on various intergovernmental agreements, the 70,000-80,000 East European workers abroad as of early this year, including 14,000 Hungarian construction workers—capable of earning about DM5,000 each per month if everything went well—have become a rather large thorn in the flesh of various trade associations, trade unions and right-wing politicians.

Responding to pressure exercised by these organizations, authorities introduced not only a per capita permit fee ranging from DM1,200 to DM2,000 (HVG 13 February 1993), but also tightened the permitting process to an extent that by now it takes 3-4 months before the workers of a Hungarian firm can travel to Germany and begin work, according to Janos Jambor, who works in Munich as the managing director of Pannonbau Ltd. "All this happens after consummating a valid agreement with an investor; we cannot even hand in our papers before having a valid agreement," Jambor adds. He also says that it is not advisable for prospective employees to enter Germany as tourists while the application is being judged, because such persons may instantly be accused of wanting to work illegally. Not even a month has passed since the 15 construction sites of Pannonbau were inspected by the authorities: People were lined up, their visas and work permits were checked, they were questioned, and their pay was recorded. Pannonbau has work sites around Munich, Mannheim and Cologne, and accepts contracts primarily for, and up to the structural phase of construction. No irregularities were found at their workplaces, according to Jambor, a graduate of a technical university in the former GDR. The actual, main reason for the inspection could be seen on SAT 1 News last week by Hungarian viewers equipped with satellite antennas: Following the Berlin construction

raid, the police hauled in quite a few East Europeans, just to reassure the 3.5 million German unemployed.

"No construction job can be performed fully consistent with the work agreement; thus if the authorities move in to find mistakes they are going to be able to find mistakes," according to Jozsef M. Bognar, the head of the Munich-based Bognar Management firm. This firm provides business and legal representation for Hungarian ventures which, for one reason or another, find themselves in difficult situations. The Munich office is virtually flooded with cases. "We are dealing with more than 80 cases simultaneously," according to Bognar's status report. The supply is variable; it ranges from simple unpaid merchandise deliveries to several hundreds of millions [currency not specified] worth of construction industry financial disputes (in which the home team has an advantage, of course), including, in given situations, representation before authorities that consciously create trouble. "We were the ones to knock out the first brick from the Berlin Wall; they are now knocking out our front tooth in the fist fight of the market economy," Bognar summarizes the experience he gained in an increasingly rigid German market.

* Approval Required for Schools' Ties Abroad

93BA1147B Bucharest ROMANIAI MAGYAR SZO in Hungarian 5-6 Jun 93 p 7

[Article by Ferenc Delloi: "Will the Education Ministry Permit the Establishment of Ties Between Schools?"]

[Text] In the first half of May, the education ministry informed the county school inspectorates that the ministry's approval was necessary to foster relations between domestic and foreign schools. We are not familiar with the fault-finding arguments which render the establishment of ties more difficult; we can only rely on hunches and assumptions. It is unnecessary to say what such a negative decision brings to mind. On the side of counterarguments, the following questions may be raised:

- Can the education ministry intervene in extracurricular activities such as vacations taken by students and teachers?
- Can the ministry dispose of an activity which it does not finance?
- Can the ministry interfere with the maintenance of unofficial relations, not regulated by statutes, based on trust, understanding, and friendship, and the problems of which are taken care of not so much by the schools as institutions, but by volunteer members of the teaching staff and the parents?

The legitimacy of the ministerial disposition would be easier to understand if these so-called ties between schools were financed by the educational ministry, if the activities to maintain relations were carried out during the time of instruction, and if the issue were only to join the establishment of connections initiated and regulated

by the education ministry. In this case, however, we are dealing not primarily with cooperation in the area of instructional and educational issues, but rather with tourism, i.e., activities which would be under the authority of the ministry of youth and tourism, if it embraced activities of this kind. But after the unfettering of 1989, no one is fool enough to let himself be tied to the stake again.

Such a badly thought-out measure also undermines the education ministry's authority, because no one can be obliged to apply for the minister's approval to spend his own money and free time.

The above-mentioned regulation also contradicts international regulations, ratified by Romania. I am thinking primarily of one of the documents by UNICEF, which

operates under the aegis of the United Nations, entitled "Agreement on the Rights of Children," article 31 of which underlines that "The countries participating in the Agreement acknowledge the right of children to rest and leisure, and to play and entertainment which correspond to their age."

I am thinking along the same lines when, with the help of foreign teachers, we foster relations in the area of teaching, education, and in-service training, because such activities also flourish in the spring, winter, and summer breaks. Let the participants decide whether they need the education ministry's approval to foster ties between foreign and domestic schools! Be careful: Those who disobey will be disciplined according to the Ceausist law No. 6/1969!

*** Klavoda on ODA, Conflicts Within Coalition**

93CH0780A Prague ZEMEDLSKE NOVINY in
Czech 30 Jun 93 p 4

[Interview with Jan Kalvoda, chairman of ODA, by Ondrej Cerny; place and date not given: "We Are Not Whiners; Insults I Ignore"]

[Text] The conflicts within the governing coalition have of late often been the subject of discussions and speculations. We talked about the relations and disputes among coalition politicians with the deputy prime minister and chairman of ODA [Civic Democratic Alliance], J. Kalvoda.

[Cerny] How would you characterize the present relations within the coalition?

[Kalvoda] I consider the present relations within the coalition commensurate with the political culture in this country. They are consistent with the fact that the coalition parties are still getting used to living in a coalition. They are coming to terms with the fact that, although the coalition is a grouping of political parties that have found their common denominator, it is nevertheless composed of independent political entities that have their obligations to the voters and their different views on some basic problems. In other words, I do not think it is an idyllic relationship. Nor do I think, however, that it is appropriate to dramatize that coexistence.

[Cerny] Could you tell us in more detail what unites you and what divides you in the coalition?

[Kalvoda] Our orientation toward reform and transformation unites us. The basic postulates of the transformation in all coalition parties are at the very least compatible, sometimes even identical. Naturally, every political party has its various priorities, and the coalition parties are no exception. There are even different views on concrete transformation procedures. But that differentiation is not, to my mind, an obstacle to the survival of the coalition.

[Cerny] In your view, how does the strong ODS [Civic Democratic Party] behave toward its weaker coalition partners?

[Kalvoda] Each of the coalition partners has equal status. A coalition is formed precisely in order to reach a majority in the parliament by combining all of the election results. In that respect, I had the impression even in the past that the ODS does not fully respect that basic principle. I also think that the normal remedy for differences of opinion is a given, immutable procedure. That procedure is laid down in the coalition agreement. But I have not always found that satisfactory, and I see in it the source of a substantial majority of the coalition's problems. I am thinking particularly about the principle that, to make a political decision, the consent of all coalition partners is needed. Here some political parties, in my view, fail to carry out their legitimate obligation to publicly state their views but make basic decisions on

concrete political issues in advance without first discussing them, let alone reaching a general consensus on them.

[Cerny] ODA has a reputation of being something of a coalition whiner. How did that come about, do you think?

[Kalvoda] I do not feel that ODA deserves to be called a whiner. I am always ready to argue about that accusation, which really does exist. Of course, I am always glad to argue about specific issues, not about insults. Those I ignore. Nevertheless, I am always ready to talk about whether ODA is playing some kind of internal opposition game. I insist that it is not. I maintain that ODA moves, with lesser or greater success, within the framework a coalition party has.

[Cerny] People say that, at the meetings of its leadership, ODA makes its decisions according to the results of public opinion polls. How much truth is there in that?

[Kalvoda] It is an interesting and somewhat paranoid allegation. Perhaps it emanated from some not entirely balanced brain precisely because, in recent months, the public opinion polls show ODA oscillating around a result roughly double the one it achieved in the elections. It is a very amusing piece of nonsense. With few exceptions, I am present at all of the meetings of ODA officials, and I am telling you quite frankly that I do not have any recollection of sociological research being discussed at any meeting.

[Cerny] The differences of opinion within the coalition have recently manifested themselves primarily in the questions of the Sudeten Germans and the restitution of church property....

[Kalvoda] I shall separate those questions into two different categories because, to my mind, one is proof of the capability and the resources the coalition has for reaching consensus, and the other is an example of the lack of procedural mooring in the conduct of all of the coalition parties. The restitution of church property is an issue that is very serious and fundamental. Pondering that issue always includes pondering the stability of the legal environment in this country, particularly the stability of ownership relations. It must not become a question of some higher justice. On that point, there is some disagreement within the coalition. There is an imaginary dividing line. Despite some controversial statements of the Christian parties, however, I noted during joint meetings a realistic tone and the realization that it is that coalition that, by its decision, can help provide churches with assets that will enable them to lead a basic and untraumatized existence. Thanks to that, we are now at the stage that alone can lead to a solution: Emphasis is placed on making a thorough inventory of church property, and, when it is ready, we will be able to approach the issue entirely pragmatically and not from the standpoint of some higher principles of justice.

Then there is the question of the Sudeten Germans. It had a strange development. It is more a genesis of an affair than a genesis of a political problem. It is a question of misinterpreting the emphasis of a statement. I am thinking here about the statement made after the consultations of the chairmen of four coalition parties, where that question was raised publicly. ODA, without wanting to be, was considered a party that keeps apart. But ODA did nothing beyond saying that it stands on its view. I believe that further developments in that matter will show that ODA's stance was not so strange and that ODA did not show such bad judgment after all.

[Cerny] Specifically, then, what is ODA's position on that issue?

[Kalvoda] First—and on that point there is agreement in the entire coalition—not to ignore the issue. Second, because it is a very political question and touches the feelings of a large part of the population of the Czech Republic, it is, in our view, necessary to clearly formulate some basic points of departure. We must ask ourselves whether the transfer was part of World War II (we say it was, and we add that it unleashed that war). It is also necessary to tell the public whether there are some legal and ownership claims that must be checked out and reopened. (We maintain that that is not necessary.) As long as we inform the public about our position, it will be possible to deideologize the issue. We can then say that the problem exists, that it will probably continue to exist as a problem between two countries, and that it is necessary to choose some procedure that could lead to a dialogue. In other words, that is the difference between a commission to hold a dialogue and a commission to ensure a unified position of the coalition on the issue.

[Cerny] The results of the deliberations of the so-called group of four are often called into doubt. What kind of mandate, in fact, do the party chairmen bring to the deliberations?

[Kalvoda] That group of four is one of the agreed-upon information-and-deliberation mechanisms of the coalition. The group of nine and the group of 13 are the other coalition groups. Strictly speaking, it is a question of the articles of each coalition party what status the various officials of the party have. I do not think, although I do not know the articles of the other parties, that the chairmen have some fundamental right of veto. ODA is a somewhat specific party, which sees to it that the creation of political will comes from those who were elected by the citizens—that is, the deputies. I am not exactly sure how it is with the other members of the group of four. Sometimes the chairmen arrive after some problem has been ratified at lower coalition levels. Then it is obviously a matter of coming to an agreement. Sometimes it involves issues that will operatively be made a subject of deliberations, such as the issue of the Sudeten Germans, for instance, and there we have the first contact of the coalition parties. In other words, it is not possible to say what kind of mandate the chairmen have because the situation is different every time.

* Firm Border Decision Creates Controversy

* Arguments for Standard Border

93CH0779A Prague RUDE PRAVO in Czech 23 Jun 93
p 3

[Commentary by Petr Uhl: "Will Ruml Lower the Iron Curtain?"]

[Text] Jiri Dienstbier recently explained to us during the visit of Adam Michnik that these days it is being decided where the iron curtain will be lowered, whether on the Moravian-Slovak border, beyond the Zemplinska plain, or even much farther away. He asserted that it is not the future of the Czech Republic but the future of all of Europe that will decide how far away it will be lowered, and that it is in the interests of Europe that it be as far away as possible.

Egon Bondy has been saying for 25 years—as long as I have known him—that, if the rich countries of the north, among which the CR is counted, do not radically change their attitude toward the world, mainly toward the hungry south, the hungry people will simply come and take what we have so they can eat, put clothes on their backs, and keep warm.

I always think about Dienstbier's iron curtain and Bondy's war between the north and the south when I listen to Jan Ruml on television or read his statements in the newspapers.

When one newspaper recently asked Minister Ruml how many migrants actually cross the Slovak-Czech border legally, he chose to speak about something else instead. He revealed that, of those detained and returned, almost 18,000 (obviously during the first five months), 60 percent, were living in the CR illegally. Too bad the editor did not insist on getting an answer because it would have shown that an absolute majority of "migrants" enters Slovak territory and then Czech territory immediately, legally. Only after extending his stay beyond 30 days without a police permit or after an unsuccessful attempt to cross into Germany or some other transgression that earns him an appropriate endorsement in his passport does a foreigner become "illegal," as seen through the eyes of the Ministry of Interior, and is so labeled by Fendrych.

The minister mentioned that Slovaks let into the country even people whom they should not let in according to some not clearly specified "regulatory measures" dating from the days of the Federal Government. Of course, he was not about to distinguish the illegal arrivals from those who came legally but who, only after an unsuccessful attempt, after having been sent back, or after having stayed too long became illegal. Against the flood of people from the second category, who are obviously more numerous, no guarded border crossings will help.

Besides those numbers, the public should know about the progress of the negotiations between the Czech and

the Slovak sides on coordinating the introduction of visa requirements for the citizens of some countries. The public should know that Prague offered Bratislava help in concluding joint readmission agreements with Hungary and Ukraine. The next question is whether Prague offered Bratislava help in guarding the 95 kilometers of border with Ukraine.

Whatever the situation is, let us start with the assumption that the minister is not naive. He knows that mere firm crossings built allegedly for citizens of third countries will not stop them from flooding in. The legal one with a valid passport will gaily wave it at the crossing; the illegal one without a passport or a visa, if the introduction of visa requirements for citizens of some countries are needed, will simply cross the border 1 kilometer farther on. The border simply must be guarded. Such a border is not some promenade where I take my girl for a stroll, as Gustav Husak instructed us in September 1969, when he rescinded the liberal regulations for foreign travel, some still dating from Novotny's reign of terror. Jan Ruml must remember that because he could not travel, either. And we do not have to guard our borders with Germany and Austria. No one from there is trying to get in here. Neither is guarding the Polish-Czech border particularly pertinent. We must build the dam against the invasion from the east in the east—that is, along the Javorniky range, the White Carpathian Mountains, and on the lower Morava River.

Why? Because it is not just a question of refugees. What is at stake is, at least according to Ruml's ideological vision, that the West, civilization, and prosperity are, you see, threatened by the Balkan, Soviet, and oriental instability. The point is that Bohemia (and mostly also Moravia) has always been, after all, part of that Western civilization. And, if they do not want to let us in, let us prove to them what stalwarts we are, that we know how to protect our eastern borders. Not just a firm border, but a border literally fenced with wire, roadblocks, signaling systems, and crossbows developed in the GDR can save us from oriental barbarism and Balkan poverty.

If Ruml convinces his government and the parliament of his xenophobic and anti-Slovak truth, it will be a catastrophe. Czechoslovakia, which even after its unfortunate split had a chance to become a second European Benelux, will become a focal point of tension, where a conflict of any kind of intensity could not be ruled out. It will then become of vital interest to Germany and Europe to lower the iron curtain in a way that would localize this center of instability. They have enough means to do it, in contrast to the CR. If we think through Dienstbier's idea, we shall see that, by erecting an iron curtain on the eastern borders, we shall cause an iron curtain to be lowered along the Sumava and Krusne Hory mountain ranges.

Dienstbier is right when he says we must look as far east as possible, beyond the Urals. Slovakia should enjoy Czech support in its effort to achieve cooperation with Hungary, Ukraine, Poland, and Russia. The CR should

support Ukraine in its good-neighborly contacts with Russia. We should value Russia as a stabilizing factor in Central Asia and East Asia, and Bulgaria because it plays the same role in the Balkans. A coordinated approach by all of the countries of the former Soviet bloc, particularly the Visegrad Four, should be a matter of course.

Instead, we see on television with what arrogance Uhde and his parliamentary entourage behave in Kiev. You can just read in their faces, those Slavic sweethearts, that they came to the country where tomorrow means a bare cupboard from a country where tomorrow means membership in the EC.

In contrast to Jan Ruml, most of the government does appear to suffer from an ideological delusion. At least what Klaus and Zeleniec say indicates a certain soberness. The government may be able to handle that walk on the Western and Eastern eggs, even though with less bravura than Dienstbier. Neither the CR nor Europe will need an iron curtain for it, no matter how far away.

In order that we, all of Europe and all of the countries of the former Soviet Union, can together meet Bondy's challenge, we must strive not to incorporate into something or enter into something but for a partnership, for gradually become friendly with each other, for cooperating on equal terms. Only that can lead to integration and unity, not only on the European scale but also on the global one.

Erecting borders in that process is simply counterproductive.

* Right To Guard Borders

93CH0779B Prague CESKY DENIK in Czech
29 Jun 93 p 3

[Commentary by Martin Danes: "Dance Around the Border"]

[Text] Slovak Prime Minister Meciar does not like the idea of a firm border with the Czech Republic [CR] one bit. Lately, he has been conducting a lively correspondence on the subject with Czech Prime Minister Klaus, which, not for the first time by any means, resembles a dialogue of the deaf. "A mutual border must be put in place as quickly as possible," says the voice from Prague. "We'll think about it" is the spirit of the monotonous answers from Bratislava. At the same time, it is essential for the Czech Government that the eastern border be guarded beginning on 1 July, when, in Germany, the stricter rules for granting asylum will go into effect. On their basis, the German officials will automatically expel illegal refugees. Those whose origin can be proved will be sent directly to their country of origin, the others to "safe third countries" through whose territory they came. Germany counts among those countries Austria and Poland as well as the CR. For our country, that means increased German vigilance at the western border, a promise that thousands of refugees will be returned, and the necessity to make our eastern border impermeable.

Such arguments Vladimir Meciar, of course, absolutely refuses to hear. On Sunday, he rejected the installation of "artificial barriers" between the two republics and promised to give the CR such guarantees "that it would be an exception if someone crossed (the border) illegally."

The Slovak prime minister should have been concerned about the creation of artificial barriers between the two republics when he was pushing to establish (and succeeded) Slovak independence. In the present situation, he can hardly deny the independent CR the right to guard its borders. Prime Minister Meciar also offered to sign a readmission agreement with the Czechs on returning illegal refugees. He obviously has poor advisers if they did not point out to him that the agreement already exists, even though within the framework of a broader agreement on consular cooperation.

The Slovak prime minister has for his Czech-Slovak confederation tricks—naturally, only where it suits him—his allies even in Prague. That involves the radical wing of the Czech left. Its manifesto of sorts was the article by Petr Uhl, published last Wednesday in Prague in RUDE PRAVO. Uhl talks about the missed opportunity for "Czecho-Slovakia" to have become, even after its division, a second European Benelux. That opportunity was trampled, of course, by Minister of Interior Jan Ruml with his "xenophobic and anti-Slovak" plan to install a firm border, which will create in this area "a focus of tension where a conflict of almost any intensity cannot be ruled out." That view will probably be gladly applauded by the leader of the Social Democrats, Milos Zeman, who is trying to flavor his political fare with Slovak spices, the last being his proposal to introduce Slovak as the second official language. But the absurd rhetoric of the chilled confederationists does not have much of a chance in Prague. President Havel put it in a nutshell: "You can't very well want a sovereign state and, at the same time, not want to have a border."

* Further Decline of Communist Party Predicted

93CH0777A Prague CESKY DENIK in Czech
29 Jun 93 p 3

[Commentary by Martin Schmarcz and Jiri Sindelar: "Isolation of the KSCM"]

[Text] The weekend congress of the KSCM [Communist Party of Bohemia and Moravia] provided the final answer to the two basic questions of chairmanship and unity. The battle for the chairman's seat was decided very quickly when the chairman of the parliamentary Left Bloc club, Jaroslav Ortman, was moved from being the savior of party unity and given the role of a grain of barley between two millstones—the old communist Grebenicek wing and the reformist Meclov wing. That not only eliminated any chance of his becoming the leader but also practically ensured a split in the future.

The selection of Miroslav Grebenicek confirms a fact that, with the exception of Jiri Svoboda and a few

intellectuals around him, everyone in this country realized, down to the last cleaning lady at the Central Committee of the Communist Party: The Bolshevik core of the party cannot be reformed. Svoboda's tiptoeing among the tulips when he was trying to force on society the image of the KSCM as a democratic party, part of the pluralist spectrum, and was simultaneously trying not to lose the support of the die-hard membership base, ended as an outright fiasco.

That result is unquestionably positive for the future development of the Czech political stage. Clarity in respect to political parties is important if feedback and public control of parliamentary policies are to function properly. From that point of view, Grebenicek's group of old *nomenklatura* cadres is more acceptable in the leadership of the party because it is easier to see who is who than is the case with Svoboda's intellectuals. The Communist Party, in all its glory, has now finally condemned itself to political isolation, where it will peacefully vegetate until its voters die out. That is much better for democracy than an administrative prohibition of the party. What more could one wish for at this time? Adherents of the Leninist concept of politics have been clearly arranged in one line and have no possibility of working with another leftist party.

The issue regarding the crystallization of the leftist part of the political spectrum has also become somewhat clearer. Through the KSCM's decision on Saturday, the possibility of a large leftist coalition (more than before) has been eliminated for the near future because it simply cannot be established without communist votes, and those will go to the party that will not compromise the pre-November continuation of Klement Gottwald's ideology. The very weak left wing, headed by Milos Zeman, will have no choice but to wait patiently as part of the opposition. The only alternative for small parties will then be to transform themselves into a form that is sufficiently European and Atlantic that they will be able to take advantage of the opportunity and perhaps form a broad government coalition with the right wing.

Even the future of the reformists is not particularly rosy at the moment. So far, they have announced their intention of creating a new Democratic Party of the Left based on the present DL [Democratic Left], which, headed by Lothar Indruch, forms part of the coalition with the KSCM in the Left Bloc. Unless that situation changes, they will get only the crumbs that the very much stronger "mother" party will be willing to throw them within the framework of the coalition agreements. In the opposite case, they either can choose to "be thrown out into the cold" and independently struggle for delegates' seats, which the Democratic Labor Party and the Democratic Communist Forum have unsuccessfully attempted before them, or painlessly disperse among Zeman's social democrats, generally speaking, without having any particular effect on our political scene. Also, the head of the People's House stated that there will not be much room for another "democratic left wing," aside from his own party.

The least clarity exists in relation to Ortman's delegate club of the Left Bloc. It will be interesting to watch where his individual members will drift in their desire to keep their seats. It is to be expected that the vital security of delegates' benches will provide a sufficiently persuasive argument for many of them to forget the insults and harsh criticism hurled at them by the die-hard Grebenicek followers at the congress. (They were treated the same way by Svoboda's followers, but the latter abused them according to an imagined "right.") However, at the moment, the delegates are moving in a kind of vacuum.

The present Czech communists, in contrast to their Slovak colleagues, demonstrated exceptional inflexibility in thinking when the absolute majority rejected the argument (though, to be sure, it was an expedient one) put forward by the reformist group, describing the future prospects of the leftist coalition. Thus, among other things, authorities of leftist thinking, such as Vladimir Mlynar and Ivan Svitak, were disregarded. The inward concentration, bordering on autarchy, was also manifested in the fact that the KSCM considers itself to be the only authentic leftist power. In fact, the new chairman, Grebenicek, considered the KSCM in its present form to be a modern leftist party. That association acts rather like a magic formula, and it will take some time before the social democrats attain Western standards, not to speak of the present die-hard communists, for whom both social democracy and liberalism are mortal sins.

The defeat of Svoboda's intellectuals, whose reformist rhetoric had lately formed a kind of ideologic base for the KSCM (more likely, of its narrowest leadership) does not mean that Gottwald's successors will not have an ideology. The ideal successor to Bilak in the changed social conditions is Miloslav Ransdorf, who dreams of being able to apply his ideas, inspired by neurotics from the Roman club, in a megalomaniacal manner to the membership base of "purged" communists. The revolutionary rule of the workers and the farmers, as vanguards in the struggle against the unjust capitalist world of exploitation, should, according to those ideas, turn into society-wide self-government, guided by the law of nature and "scientifically" theorized diagrams of the development of the world, warding off the global destruction of civilization. However, the present development of Europe is not particularly inclined toward the "resurrection of new Ransdorfs." In regard to the communists, one can expect a process of increasing isolation and subsequent mummification rather than a revolutionary revival.

* Slovaks in Czech Lands Reject Minority Status

93CH0778A Prague LIDOVE NOVINY in Slovak
2 Jul 93 p 5

[Commentary by Magdalena Rychlikova: "We Neither Are nor Want To Be a Minority!"]

[Text] In his article in LIDOVE NOVINY on 23 March, Vladimir Skalsky, a member of the presidium of the

Community of Slovaks in the Czech Republic (OSCR), alleges that the Slovaks in the Czech Republic [CR] are a minority and demands for them—and, consequently, for me as well—minority rights. As a Slovak woman residing in the CR, I should like to explain why I am not interested in Mr. Skalsky's efforts.

If a certain group of people is to be regarded as a minority, it must feel that it is different from the national majority and, at the same time, that it is part of another nation, whose motherland is beyond the political borders. Although the Slovaks in the CR naturally consider themselves Slovaks, an overwhelming majority of them have always considered themselves Czechoslovaks and regarded the entire Czechoslovak Republic as their own country. Sadly enough, for some time that has been a thorn in the eye of certain individuals in Bratislava, who are trying to turn the Slovaks in the CR into a real minority that they could then manipulate for their own political aims. Our country, the Czechoslovak Republic, has split apart; we never wanted to have two states instead of it. It just happened, but no one has the right to take away from us that what remains of our common Czechoslovak identity and, thus, to erect a wall between us and the Czech people. Unfortunately, of all of the Slovak organizations that have emerged in the CR, it is the OSCR that, in that respect, evokes the least confidence in us.

Although the OSCR representatives often emphasize that they are nonpartisan and have no political interest, that statement actually limps on both of its legs. Mr. Zelenay, of the HZDS [Movement for a Democratic Slovakia], and the representatives of the Matica Slovenska Association (MS) were present at the founding congress of the OSCR, and the OSCR makes no bones about its intention of cooperating with both those organizations with which it is actually affiliated as well as with Slovak Ambassador Mjartan. In addition, the OSCR has joined the World Congress of Slovaks, an emigre organization that is strongly influenced by the adherents of the populist party and the exponents of the clerofascist Slovak State in 1939-45. The World Congress of Slovaks [SKS] was always against Czechoslovakia's existence and, before the June elections, supported the separatist parties in Slovakia, especially the SNS [Slovak National Party] and the KSU [Christian Social Union]. As for the MS, which is planning to organize local branches also in the CR, it resolutely advocated the program of so-called Slovakia's sovereignty. Therefore, it is coresponsible for the breakup of Czechoslovakia; it is the real cause of why we have become foreigners in our own country. For that very reason, we would not and could not allow an organization connected in any form with the MS to speak in our name.

As for minority rights and, especially, for the founding of Slovak schools, I want to say that the Czech Government never prevented that; consequently, there is no need for the MS or the Bratislava authorities to interfere in those matters. Slovak schools have not been organized because parents have shown no interest in them. After all, who,

for example, in Prague, would want to bring children from all over the city to a single school? If we are interested in such schools, we shall open them, but our schools will foster the Czechoslovak spirit in our children. That is exactly what the MS does not want! In fact, the educational program was prepared by the foreign department of the MS under the leadership of Jan Bobak, a great admirer of the fascist regime, who wrote in SLOVENSKÉ NARODNÉ NOVINY that the Slovak National Uprising was the most shameful period in Slovakia's history. Obviously, the schools the OSCR plans to organize in cooperation with the MS would teach children about the Slovak "martyr" (= wartime criminal) Jozef Tiso, but they would never learn a good word about the real heroes of our common history—T.G. Masaryk, M.R. Stefanik, and E. Benes. For that reason, the OSCR must be told straight: Thanks but no thanks. Furthermore, Mr. Skalsky is mistaken about the official language. The Czech Constitution does not stipulate that Czech is the official language, and, therefore, according to the law on the continuation of the existing legal stipulations, the status in force before 1 January 1993 remains unchanged—in other words, the Slovak language may be used along with the Czech.

In view of the association of the OSCR with the MS and the SKS, it is difficult to believe the statement that the OSCR intends to improve understanding between the Czechs and the Slovaks. Therefore, I want to tell the OSCR: Just leave us alone!

*** Creditax Director Explains Bankruptcies**

93CH0775B Prague HOSPODARSKE NOVINY in
Czech 24 Jun 93 p 8

[Interview with Eng. Pavel Tojzl, director of the Creditax Corporation, by Jaroslava Markova and Jan Steiner; place and date not given: "Against the Domino Effect"]

[Text] *The government is attempting to prevent the domino effect of bankruptcies through a number of instruments: by mutually crediting claims and obligations, capitalizing credits and claims, buying off claims, and writing off claims against operating costs. Interenterprise republicwide mutual crediting is right now in the stage of computer processing, selection proceedings involving buy-outs of bankruptee claims are pending, and additional stages await us. We spoke with Eng. Pavel Tojzl, director of the Creditax Corporation, about how his corporation intends to involve itself in those developments.*

[HOSPODARSKE NOVINY] In the anticipated selection proceedings, will you try to obtain financial resources that the Fund for National Property is supposed to release for the purpose of buying up the claims of bankrupt businesses?

[Tojzl] Understandably so. Because, as members of a consortium, we are participating in the mutual crediting operations that are under way right now, we have greater prerequisites than do others. We will be familiar with

some of the ties, which could be a guideline in the selection of firms whose claims would be suitable for the buyout.

[HOSPODARSKE NOVINY] It looks like mutual crediting of receivables will not reduce secondary insolvency by 50 billion korunas [Kc], as many had expected. It is very likely that not even your far more modest estimate of Kc20 billion will be met.

[Tojzl] According to the latest estimates, approximately 3,000 enterprises have reported obligations worth Kc30 billion and receivables worth Kc50 billion. That is approximately 20 percent of 14,000 enterprises. Because not all receivables and obligations will match up, it is likely that the mutual crediting operations will also be about 20 percent successful. And, because it is always the lower amount that is the limiting factor, mutual crediting operations could involve Kc5 billion in the worst case scenario; at best, they might be worth Kc15 billion. So you are right. Even my publicized estimate of Kc20 billion was truly still optimistic. A certain influence can still be exerted by the results of mutual crediting operations in Slovakia and the Kc1 billion from the Fund for National Property that have been deposited for the purpose of initiating chain reactions.

[HOSPODARSKE NOVINY] When will the final results be known?

[Tojzl] On about 15 July. The enterprises have until 29 June to report any possible changes.

[HOSPODARSKE NOVINY] Why do you think so few enterprises have come forward?

[Tojzl] It is difficult to say whether there are only a few. Most likely it is because, for a long time, the Ministry of Industry was disinclined toward mutual crediting operations as a form that would reduce various levels of insolvency. The enterprises are also realizing that mutual crediting operations are not a cure-all. They will not fully solve any claims against enterprises in primary insolvency. Also, those enterprises that know that their customers will pay regularly, even though he may be late, have no reason to include their receivables in mutual crediting operations.

[HOSPODARSKE NOVINY] Will the relative failure of mutual crediting operations not make the starting position for the second phase worse—that is, for the buyout of receivables from bankruptees?

[Tojzl] Each mutual crediting operation involving receivables means that the spirit of the activity is being successfully met. The more such activities there are, the better. By that method, receivables will be mutually credited at 100 percent of their nominal value, whereas other instruments no longer offer such a high settlement for receivables. The low number of registrations, however, tends to increase the pressure exerted on other contemplated instruments.

[HOSPODARSKE NOVINY] Would you prefer to see receivables bought with resources released by the Fund for National Property at stipulated prices and including a certain percentage of profit for your firm, or would you favor a buyout at market prices, which would be set by Credittax, with the released funds being in the form of a low-interest loan?

[Tojst] Buying out receivables at market prices from enterprises whose claims are aimed against a bankruptee will not solve the situation. It is necessary to establish an optimum limit for buyout prices that will be above market value in every case. That would at least act to preserve the minimum amount of predominance for receivables of a creditor over his obligations. If the buyout were accomplished at market prices, it would be the domino effect that would occur quite logically. The volume of receivables would drop below the level of the volume of obligations, and the enterprise, which was in secondary insolvency, would become an enterprise in primary insolvency, thanks to that blocking of its receivables, and would thus become a possible bankruptee.

[HOSPODARSKE NOVINY] But a number of people raise the argument that, if the state would assist enterprises that are going bankrupt in that across-the-board manner, we would not work our way through to bankruptcies.

[Tojst] I believe it is necessary to differentiate between those enterprises that are already in primary insolvency today and that "deserve" or "do not deserve" to be salvaged by the state. It is clear that the pressure on the buyout of receivables will be considerable. It is necessary to establish criteria: which enterprises could be involved, by which method the judgment would be made as to whether their receivables are actually pushing them into bankruptcy, what would be the percentage rate of the buyout, and so forth. All the more so because these are funds of the Fund for National Property, which involve the state.

[HOSPODARSKE NOVINY] You speak of bankruptcies like a national economist. Yet, you are an employee of a private firm, for which it would surely be far more advantageous if it purchased receivables at market prices....

[Tojst] It goes without saying that no private firm can buy out receivables for other than market prices. That would cause it to go bankrupt. But, if it did buy them out at market prices, that would not prevent the domino effect. That is why the spirit of that action is different; it is estranged from a market economy. The state uses its resources to buy out receivables in order to assist some enterprises in extricating themselves from a situation in which they found themselves as a result of their customers' failure to pay. The entity placing the order is the state. That is why, if we participate in the buyout, we too must fulfill the criteria established by the state.

[HOSPODARSKE NOVINY] Even if your firm were not to succeed in landing that, shall we say, state order,

will it involve itself in the process of bankruptcies? And, if so, how? Only by buying up receivables?

[Tojst] A bankruptcy section, which offers services to all bankruptcy administrators but also to all enterprises threatened by a declaration of bankruptcy and all those who are in doubt as to how to proceed, was recently activated by the Credittax Corporation. That section provides advice on whether to request a declaration of bankruptcy, whether to seek some other prebankruptcy way of settlement involving the creditor. We are capable of assisting by providing specialized consultations, by establishing the value of receivables, and, in actual bankruptcy proceedings, we can contribute to the parceling up and the reorganization of individual properties.

[HOSPODARSKE NOVINY] Every institution that will participate in the process involving bankruptcies has somewhat differing interests objectively. The government prefers to halt the domino effect. What is the interest of your firm? Is it to make money on bankruptcies?

[Tojst] As a firm, we also have our debtors and are therefore interested in a prospering economy because only prospering enterprises can place an order with us. We do not wish to offer only bankruptcy services. The scale of our possible activities is substantially broader; we offer exchange services and are preparing for factoring, forfeiting, and so forth. And you ask whether we wish to make money? In every market economy, some firms are involved in administering bankruptcies, and we wish to be such a firm in the Czech Republic.

[HOSPODARSKE NOVINY] It is anticipated that the bought-out receivables will be traded. Do you figure that your firm will be active even in that area?

[Tojst] If receivables will really be bought at higher than market prices, the question will arise as to who would then buy such receivables. I do not exclude that someone may, but certainly not at a price that is higher than the market price.

[HOSPODARSKE NOVINY] Receivables will be bought up by banks as well. What will be the difference between them and your corporation?

[Tojst] Essentially, the banks already own the receivables and do not have to buy them. They represent their credits, which the client is incapable of paying off. In some cases, the banks could thus become the unwilling or unplanned owners of receivables, whereas, in our case, there is no danger that we would be solving such problems on the basis of allocated financial resources. We must literally work our way to those receivables via the marketplace and not because we made poor or poorly considered loans to someone.

[HOSPODARSKE NOVINY] But certainly even you have made mistakes in the past. After all, the buyout of

receivables is a very risky type of trading. It requires a great deal of knowledge, a capital hinterland, a broad data base.

[Tojst] The risk is commensurate with the measure of experience, the amount of personnel, and the level of technical equipment. Understandably, no one can completely avoid risk. Sometimes you can make a mistake in your favor, and sometimes the mistake works against you. And, if you are really buying out at a wholesale rate, such pluses and minuses cancel each other out.

[HOSPODARSKE NOVINY] Do you consider it to be a suitable form of capitalizing receivables where a debtor would turn over a corresponding number of his securities to the creditor instead of making a debt payment?

[Tojst] There is that possibility, but I do not dare estimate its effect in advance. But, for myself, I can say that, if I should contemplate investing in securities, I would very likely not decide in favor of the securities of an enterprise that owes me money. For the most part, enterprises will be forced to take that step. They will either definitively lose out on their claim, or they will have the opportunity of acquiring securities in its place. But they will not be able to pay off their obligations with securities. And they could obviously again find themselves in the situation where the volume of their receivables would decline below the volume of their obligations, and they will be threatened by bankruptcy. They will thus be going to the stock exchange with securities that have been "imposed" on them. However, the stock market will be flooded with those kinds of securities because that will, at best, not be the only creditor of the given enterprise, which will quite logically and from the market standpoint mean that the value of those shares will decline. In other words, they will receive less for them than the nominal value of the original receivables. And the question arises again as to whether that "smaller amount" would keep my head above the level of the volume of my obligations or whether I shall sink below the level, and, if I do not make a good deal in selling the securities, I will not have enough money to pay my obligations. That is a vicious circle.

[HOSPODARSKE NOVINY] Where do you see the border between the market price for receivables and the more comfortable road of writing off receivables against costs?

[Tojst] The law that stipulates the limit of 45 percent at which it is possible to write off a receivable against expenses is based on the level of the income tax paid by legal entities. Essentially, what will that mean? It will reduce payments to the state budget because costs will rise and the level of pretax profits will decline. It is necessary to realize that the domino effect is actually a second generation of secondary insolvency. And, if I am to solve secondary insolvency, I must seek resources to meet my obligations in the satisfaction of receivable

claims. And, if I write off a receivable claim against costs, that does not create money for me to pay off my obligations.

[HOSPODARSKE NOVINY] The fact that bankruptcies were being deferred and are actually still be deferred is seen by some as a missed opportunity in which the debts of enterprises in liquidation could have been compensated for by the sale of frequently large property holdings, and there could be something left over....

[Tojst] I am not qualified to say when and to what extent bankruptcies should begin. The transition from a planned economy to a market economy is very rapid; in the history of the economy, it is clearly unique. Moreover, every such step is not a question that is purely economic in character; it also has social and political consequences. A bankruptcy can mean a number of unemployed, a number of unemployed means entitlements to social payments or pressure on the state budget, and a number of unemployed—those are also voters. We are flesh-and-blood people, and it is logical that 90 percent of us think in terms of the "shirt being closer to the skin than the jacket." We do not consider that it takes five to 10 years for the economy to get back on its feet. In the past, a number of enterprises did not stop production because they were working to pay off debt or to fabricate inventory. The management of the enterprise, but also those at the okres and kraj levels as well as those "higher up," knew that the moment they halted production they would have to release people and would be endangering themselves. Perhaps that is not the most suitable comparison to make, but a wave of bankruptcies to a certain extent poses a threat even to today's government leadership and society.

[HOSPODARSKE NOVINY] According to Minister V. Dlouhy, there will not be a massive avalanche of bankruptcies that would ruin the Czech economy. Nevertheless, he would like for a wave of bankruptcies in this country to take effect to a certain health-restoring extent. Where do you see the borderline between a health-restoring and a ruinous wave?

[Tojst] It is clear that we shall not achieve a market economy without bankruptcies. It is only necessary to keep them within sensible boundaries. It is not right for there not to be any at all, and neither is it proper for bankruptcies to impact 30 percent of the economy. That is why the state must decide what should be retained, what should be saved, what has republicwide, regional, general, immediate importance, and so forth.

* Cyrillo-Methodian Tradition Presented as Conservative

93CH0778B Prague LIDOVE NOVINY in Czech
3 Jul 93 p 1

[Commentary by Dusan Trestik: "A Legacy of the Fathers"]

[Text] In 1928, when the Czechoslovak Republic concluded a compromise with the Catholic Church and, in that conjunction, recognized the tradition of St. Wenceslaus, Milan Hodza, who was then minister of education, demanded in the name of Slovakia that the Cyrillo-Methodian tradition be recognized as the official state tradition. His proposal was not adopted at the time, and it was not until 1990 that the faithful Slovaks succeeded in including the Slavic apostles in the Czechoslovak state calendar. Then Czechoslovakia was broken apart, and we were left with that holiday as a legacy of yet another compromise made by our federal fathers-legislators—in this case, with Slovakia.

For Slovakia, the Cyrillo-Methodian tradition is supposed to replace its lack of state and cultural traditions and thus serves as a purely national myth. However, what do those Byzantine intellectuals mean to us? No matter how we rate their work among the Slavic pagans, the fact is that they laid the foundations for the development of the east- and south-Slavic written culture, which was dependent on Byzantium. That culture originated in Great Moravia but, paradoxically, never took root there or later in Bohemia. Svatopluk considered it unnecessary and, immediately after Methodius's death, expelled his disciples from Moravian territory. Consequently, and fortunately, Czech intellectuals adopted the Latin language, one of the building blocks of the remarkable unity in the Latin medieval Europe, which Moravia had actually joined when it accepted Christianity from Charlemagne's empire as early as 30 years before the arrival of Cyril and Methodius. The work of both brothers remained a marvelous and, of course, remarkable episode in our history because Constantine, in particular, was a great thinker and one of the few citizens of Byzantium able to rise above the restrictions of their self-centered culture.

Nevertheless, his latter-day followers—Slovak patriots or Moravian Catholic conservatives or intellectuals and politicians who had turned their eyes to the huge oak tree in the East [a reference to Jan Kollar's metaphor for Russia]—failed to appreciate his innovative philosophy; rather, they sought "help against the burgeoning Western liberalism" (Arne Novak) in the Cyrillo-Methodian tradition (from which Constantine's openness had long ago been stripped) as an alternative, anti-West, and, thus, naturally antiliberal, distinctly conservative, cultural and ideological orientation for our Czech society. Nevertheless, those efforts did not succeed. Few people in Bohemia were interested in such enticements, which smacked of the Byzantine incense and, of course, of Kazak whips; even today they attract very few people. Therefore, this holiday, dedicated to both those venerable men, is a rather unwanted legacy.

* Former Gulag Prisoners Not Yet Rehabilitated

93CH0771A Prague CESKY DENIK in Czech 1 Jul 93
p 11

[Article by Jaromir Horec: "Czechs, Slovaks, and Ruthenians in Soviet Death Camps"]

[Text] At long last, we can and are allowed to learn how Soviet police and military authorities illegally dragged off Czechoslovak citizens from the Czech lands, Slovakia, and Carpatho-Ruthenia into Soviet concentration camps during World War II and shortly thereafter. However, for the time being, government and diplomatic sources have not taken cognizance of that fact. Not a few times we heard "advice" from those quarters not to recall that time and not to irritate a large neighbor—one time it was the Russians, the next time the Ukrainians, and we were advised that it was better to keep silent regarding those crimes. What happened, happened.... A recent article by Olga Hulinova of the Confederation of Political Prisoners—Czechs Who Experienced the Gulag (CESKY DENIK, 11 June 1993) lists additional documents regarding the suffering of several hundred or even thousands of our citizens from Bohemia and Moravia. Those crimes against humanity are not subject to any statutes of limitation according to international law, and it is therefore a duty of government officials of the Czech Republic [CR] as well as the Slovak Republic to finally initiate negotiations regarding them from the most varied of aspects, including rehabilitation and economic aspects.

Of course, one cannot forget that Czechoslovak citizens living in Slovakia and Carpatho-Ruthenia in the years between 1939 and 1947 were far more heavily impacted than those living in the Czech lands. It is particularly the fate that befell the Carpatho-Ruthenians that is shocking and will forever be recorded in the history of relationships between the CR and the USSR as an example of perfidy and inhumanity. As early as 1939 and in subsequent years, thousands of Czechoslovak citizens were fleeing the Hungarian occupiers of Carpatho-Ruthenia (they occupied the country twice: the first time, its southern portion, following the Vienna Arbitration Agreement of November 1938, and the second time on 15 March 1939). In the hopes of receiving a fraternal reception, they turned north and crossed the Carpathian Mountains in order to reach Soviet territory. However, once there, they were immediately arrested as spies and thrown into concentration camps. What a tragic paradox! It could only have come about in the considerations made by Stalinism, when the Soviet power declared all emigres to be Hungarians and therefore enemies. Suspicion, mistrust, fear, and hatred were the building blocks of their ideology. They cared nothing for the fact that the Carpatho-Ruthenians were explaining that they are, after all, citizens of the CR and that Budapest had occupied them! The marching orders from Moscow said: They are spies, incarcerate and isolate them in the camps! The unbelievable conditions in the Soviet gulag could be survived only by a miracle. From Carpatho-Ruthenia, approximately 30,000-40,000 individuals crossed into the Soviet Union. Barely a quarter of them were to see the end of the war.

After Hitler attacked the Soviet Union, a Czechoslovak military unit began forming in the east. When the Czech, Slovak, and Ruthenian and Ukrainian prisoners from

the CR learned of that fact, a ray of hope sprang up for them: Volunteer for service in that unit and save your life in that way. The Soviet authorities, for the most part, turned a blind eye to that and were disinterested, and reports regarding the unit arrived in the camps with delay and were garbled. Nevertheless, a majority of the prisoners were successful in joining their own when things were at their worst for the Soviet Union. Gradually, the gulag commandants released them—for the most part, without documents showing that they had been prisoners—and they reached the unit via adventurous routes. Ruthenians made up its principal portion, approximately 3,000-4,000 soldiers. Compared to the gulags, it was as if they were in paradise: they were dressed, they drew boots, they lived in warm and dry quarters, they were able to eat regularly. The pauperized wreckage began to change into human beings.

However, they were hit by new martyrdom when the Czechoslovak military unit was dispatched, after brief training, to fight against the Nazi Army. They personally experienced the Soviet "tactic" of not being frugal when it came to the use of people. There are "plenty" of them; Soviet commanders frequently even made decisions regarding Czechoslovak soldiers quite unprofessionally and without reconnoitering the situation. They even interjected politics into military strategy. Typical proof of the "politicization" of the Soviet military leadership was the participation of our corps in the liberation of Czechoslovakia. The Czechoslovaks were naturally demanding that they liberate the republic from the east, together with the Soviet Army, so they could occupy Carpatho-Ruthenia. However, the Soviets rejected that, undoubtedly following a decision made in Moscow. They were required to cross the Carpathians themselves as liberators and so prepare the country for permanent liberation and future annexation. Soviet commanders deliberately deployed Czechoslovak military units in the battle for Dukla Pass; they were supposed to capture German fortresses and penetrate Czechoslovak territory. Although it was known—or perhaps precisely because it was known—that the Germans were thoroughly prepared at Dukla Pass, that the territory was seeded with mines, and that it was controlled by defensive bunkers equipped with heavy weapons and machines, the Soviets drove our soldiers and their soldiers into those nonsensical battles with utter thoughtlessness. In the October bogs and mud, company after company of soldiers died at Dukla. Tens of thousands lost their lives there. When the massacre at Dukla Pass was later celebrated as Army Day, it was derisive of humanity, but not only that, it was also a derision of military tactics and the military art. The intent, the plan, were they criminal tactics? Who knows? The result of the battle of Dukla Pass was that the Czechoslovak military unit was catastrophically weakened. Czechoslovak soldiers who, for the most part, originated in Carpatho-Ruthenia, paid with their lives for Soviet directives; virtually 3,000 of them were killed there! They did not let them return to their native land but allowed them to be driven to the Dukla killing fields.

The battle of Dukla Pass was not the only military operation. At that same time, the Soviets stood by and saw the fall of the Warsaw insurrection and the liquidation of the Slovak national uprising because they did not want the Polish and Slovak insurrectionists to defeat the German military. The military political establishment had as its goal the occupation of those countries by the Soviet Army and thus the support of even future power changes in liberated territory. The pinnacle of all of this was the attitude taken against the insurrection by the Czech people in May of 1945 and Stalin's order that U.S. troops were to stop at the Plzen line, something, unfortunately, that General Eisenhower inadvertently accepted.

The Czechoslovak citizens living in Carpatho-Ruthenia were compelled to experience another phase of their suffering in 1944 and 1945. In accordance with prepared listings, organs of the NKVD [People's Commissariat of Internal Affairs] were making arrests all over the republic, from east to west. That came to an end in May 1945. Soviet police authorities managed to get to Prague even before 9 May—much as the Nazi Gestapo and Sicherheitsdienst had done shortly before 15 March 1939—and Soviet prisons soon began to fill with Russian and Ukrainian emigres who had found asylum in democratic Czechoslovakia as far back as the 1920's. The Soviets also had it in for the Ruthenians and the Ukrainians from Carpatho-Ruthenia who were living in the Czech lands. And so they deported from Prague Monsignor A. Volosin, the prime minister of a one-time autonomous government of Carpatho-Ruthenia—he perished a few months later in a Moscow prison—Minister V. Klocurjak, and others. And later, even Czechoslovak organs from the Ministry of the Interior assisted in that hunt for people. No one on our side took those people's part, despite the fact that they were Czechoslovak citizens. While that could not be expected of Prime Minister Fierlinger or his deputy, Gottwald, what could be said regarding the silence on the part of Masaryk's minister of foreign affairs and the passivity on the part of the other political parties!? What did the Ministry of Justice do to protect those people? An actual act of ruthless cynicism was a resolution passed by the Presidium of the Central Committee of the CPCZ [Czechoslovak Communist Party], dated 8 April 1946. When Czechoslovak citizens were fleeing from the terror in Carpatho-Ruthenia after 1945, the CPCZ decided to deliver them to the Soviets. Minister of Interior V. Nosek was supposed to "establish collection camps for the white emigration from Zakarpatskaya Ukraina, which is flooding our border areas," as was said in that resolution. Another tragic scene took place in Carpatho-Ruthenia in 1947, when Soviet authorities forcibly deported about 20,000 Carpatho-Ruthenian citizens to Siberia—to this day, nothing further is known of them.

If some citizens of the CR returned from Soviet prison or from the gulags, they did not do so until the 1950's, when, following intervention by K. Adenauer, the Soviet Union began releasing German prisoners. To this day, Czechoslovak citizens have not been fully rehabilitated.

A completely separate chapter is the economic side of this forcible "deportation" to the east. If we concentrate only on the territory of Carpatho-Ruthenia, it must be stated that, after the illegal annexation of Carpatho-Ruthenia to the USSR, there was never a regular and legally valid agreement regarding compensation for state property and investments, or even for houses, fields, gardens, vineyards, or other real estate that our citizens had to abandon following their being driven out in 1939 through 1946 in Carpatho-Ruthenia (that was at first applicable to Hungary and later to the Soviet Union). Certain arrangements regarding those questions after 1945 do not have the character of valid agreements because they were imposed on us and did not solve the claims of the Czechoslovak state or its citizens fairly.

The political force inherent in the annexation of Carpatho-Ruthenian territory or the property "transactions" can be accepted as a basis for international relationships anywhere in the world, the more so in Central Europe, which is governed by firm legal obligations. Since November 1989—until that time, those problems were considered taboo and were classified as top secret—neither the governments nor the parliament nor the ministries have dealt with the initiatives that have come from various sides, either the Czech or the Carpatho-Ruthenian. On the contrary, numerous representatives were deliberately delaying those reminders, proposals, and applications, were losing them and not admitting that they existed. (Typical proof of that machinery was the activity engaged in by the chief of the Foreign Committee of the Federal Assembly, Delegate Sebej, who denied such documents even to the Federal Assembly chairman, A. Dubcek.) Of course, the Soviets considered those matters to have been closed, as indicated in their declaration of September 1948, according to which Czechoslovak citizens and their property in the USSR "enjoy the same favorable treatment on the part of Soviet authorities as is reserved for members of a nation enjoying the maximum advantages...." That is Stalinist language to which the Czechoslovak side did not dare to add a single word then or later.

All of those questions, however, continue to be open. Neither the Czech and the Slovak Governments nor the parliaments can evade them. And, of course, not even new leaderships of Ukraine and Russia can continue to pretend that they do not exist and that they know nothing about them. Silence on those points cannot be maintained either in Prague or in Bratislava, and also not in Kiev or in Moscow, particularly when Uzhgorod [the capital of Ruthenia] is demanding and urging that the silence that has persisted for virtually half a century be finally broken.

* Spread of Rabies in Eastern Bohemia

93CH0781A Prague ZEMEDEL'SKE NOVINY in
Czech 3 Jul 93 p 4

[Article by Karel Brodsky: "They Are Fighting Against Rabies"]

[Text] While the Trutnov and Nachod veterinarians rate this year's situation with outbreaks of rabies as relatively good, there have been outbreaks recorded in three-quarters of the land register territories, and, in the Usti nad Orlici okres, there have been 15 hot spots registered and even 21 at Rychovsek in the eastern Bohemian region.

"After it was relatively quiet last year, we discovered rabies again in December," states MVDr. Josef Jansa, director of the Okres Veterinarian Administration in Rychnova nad Kneznou. "Since that time, it has been progressing from the regions of the Orlické Mountains—that is, from the Polish border down into the lowlands. In June, we recorded rabies in the towns of Zahore, Synkova, Cesky Mezirice, Ricky, and Hroska in the Orlické Mountains. The outbreak is also much more frequent. In 1991, for example, there were 79 foxes shot in the okres and 49 of them examined for rabies. Five of them were positive. Last year, the figures in the same order were 220, 51, and 18, and, up to 31 May of this year, there were already examinations of 68 of the 75 foxes shot, and 29 were positive."

The veterinarians of Usti nad Orlici together with the public health personnel on Monday issued warnings to all town and village offices in the okres. That was in reaction to the 15 rabies centers—for example, in Pastviny, Kunvald, Techonina, Lukavice, Cenkovice, and Lichkova. Since the beginning of the year, there have been 42 cases of rabies discovered, of which 38 were in foxes, but also cases in horses, deer, rabbits, and cats. Dr. Marta Pavlova, the okres public health doctor, says, "Rabies is a truly dangerous disease that can affect all warm-blooded animals and, of course, humans as well. Today, when thousands of people are certainly coming into our region, it is necessary to point out that, if there is any kind of injury from an unfamiliar animal that includes smearing the skin with saliva or handling a dead animal without gloves, it is necessary to go to the doctor as soon as possible and to get the animal to a veterinarian for examination. We will be imposing other, mainly veterinarian, measures throughout the community for all owners of household pets that can come into contact with live wild animals." In the land registry sections of Cenkovice, Orlicy, Voltarice, Vyprachtice, and Bystrec, at the current time they have proceeded with oral vaccination of the foxes. In practical terms, that is carried out by inserting vaccination doses in the shape of a flatiron sized 5 by 3.5 by 1.7 centimeters in bait. The inoculation material is placed in a plastic capsule within the bait material—for example, fish flour mixed with fat. For the fall, the veterinarians and public health personnel are planning a widespread vaccination of foxes not only in the Usti nad Orlici area, but also throughout the entire eastern Bohemian region.

*** Foreign Committee Chairman on MSZP Policies**

93CH0799A Budapest KRITIKA in Hungarian Jul 93
pp 24-26

[Interview with Laszlo Kovacs, Hungarian Socialist Party MP and chairman of the National Assembly's Foreign Affairs Committee, by Oszkar Fuzes; place and date not given: "There Is No Unit of Measure for Grievances"]

[Text] *Laszlo Kovacs, the MSZP's [Hungarian Socialist Party's] expert on foreign affairs, has been chairing for some time the National Assembly's Foreign Affairs Committee, as Gyula Horn's successor. The 54-year-old politician graduated from a chemical-industry technical school, and then from the University of Economic Sciences. He worked in the chemical and the pharmaceutical industries. From there he was assigned to foreign affairs, first in the International Relations Department of the KISZ and then in the department of the same name at the MSZMP [Hungarian Socialist Workers' Party] Central Committee. For seven years from 1976 on, he was head of the Analysis of World Politics Section within the latter department and devoted special attention to social democracy. Then for three years he was one of the department's deputy chiefs. From the very beginning, his specialty within foreign affairs was the West. From 1986, that was the region he oversaw as deputy minister at the Ministry of Foreign Affairs. From 1989 on, he was state secretary at the Ministry of Foreign Affairs for a year, under the Miklos Nemeth government.*

[Fuzes] There are two things that stand out in your career. First, that it is typically a party bureaucrat's career. And second, that you have spent a fairly long time in Gyula Horn's entourage. I hesitate to say, in his shadow.

[Kovacs] Since 1975, Gyula Horn and I have been working either together or very close to each other.

[Fuzes] To what extent do the mentioned two facts influence your present activity?

[Kovacs] There are a good many things that Gyula Horn has taught me. First of all, intellectual courage. I consider that to be Gyula Horn's most typical trait. Ability to assess the situation is also one of his strong points, but ability to recognize what is feasible is an even stronger one. He sees beyond the given situation, and that required no small courage under the previous political system. Not many people were willing to shoulder the disapproval this involved, but he was willing to do so.

[[Fuzes] As the MSZMP's rapporteur for social democracy, did social democratic ideology affect you? Indeed, having been a communist, when and how did you become a Social Democrat?

[Kovacs] Wait a moment. What do you mean by communist? The other day a delegation from South Africa

asked me whether there was any danger of the communists' returning to power in Hungary. I said I would be able to answer their question only if they told me what kind of communists were supposed to return. If the one-time party members, most of them had never left. A good many of them are to be found in every party, with the exception of FIDESZ [Federation of Young Democrats]. And if they [the South Africans] had the supporters of a Stalin-type dictatorship in mind, those did not have any chance of returning. But if they were thinking of the advocates of the classical communist principles from the last century, which barely differ from earlier Christian doctrines, then I would wish there were more of them in present-day Hungarian politics. But they had been few and far between even then.

I am able to classify myself as a "former communist" in the sense that I was a member of the MSZMP, believed in certain ideals, and the better I got to know [the party's] practice, the less I believed [its] ideology. In the spring of 1975 I became a consultant to the Department of International Relations at Party Headquarters, with the task of preparing analyses of Western social democracy, as groundwork for the MSZMP's opening to social democracy.

[Fuzes] Allow me to interrupt you. That opening is associated with the name of Janos Berecz.

[Kovacs] Yes, it is. As head of the department, he regarded that opening as very important and also played a personal role in it. That is how I became the department's consultant on social democracy, and I retained this task even after the consultants had been organized into a section and I had become its head. (As a rule, I like to retain the areas with which I have become familiarized.) In short, that is how I encountered social democratic principles, party programs and politicians. All this—for instance, the documents of the Socialist International's congress in Geneva in 1976, where Willy Brandt became the Socialist International's chairman—affected me so deeply that I discovered that this ideology, and especially this practice, were much closer to me than those of the socialist commonwealth at that time—in other words, the Soviet model. I was captivated by social democracy's strong adherence to democratic principles, to a multiparty system and parliamentary democracy. Incidentally, my section had a staff member who concerned himself specifically with the theory of pluralism.

I also recognized very soon that a market economy is able to offer society incomparably more than a centrally directed economy can. The reason why I found social democracy particularly appealing is that it does not just simply want a market economy, but also supplements it with suitably strong social safeguards. In other words, it does not place the individual entirely at the market's mercy.

[Fuzes] After Horn and Berecz, let us mention also Matyas Szuros, your third one-time boss.

[Kovacs] I had exchanged only an occasional word or two with Matyas Szuros in earlier years, and when he replaced Berecz as head of the department in 1982, I was afraid it would be the end of the relatively free thinking that had existed up to then. (Free thinking was an essential characteristic trait of the department, for without that trait it would have been impossible to analyze the international realities and Hungary's scope.) I had an unexpectedly pleasant surprise: Szuros not only allowed free thinking, but from 1983 on, as Central Committee secretary, he even encouraged it. He undertook every initiative aimed at the better assertion of Hungarian national characteristics in our foreign policy.

In previous decades, the men who directed Hungarian foreign policy started out from the principle that the socialist commonwealth's coordinated foreign policy left neither room nor need for national characteristics. They regarded as given that this meant 100-percent alignment with Soviet foreign policy. In the second half of the 1970's the department's thinking was already beyond this point, and we began to ponder what conclusions could be drawn for Hungarian foreign policy from the system of international conditions.

Berecz allowed us to think. Of course, he acted as a filter and decided what could or could not be passed on upward. Gyula Horn, the department's other staff members, and I myself differed with Berecz on two issues: We did not idealize the Soviet Union by far as much as he did. And the other issue concerned the so-called revolutionary regimes in the Third World. For instance, we understood that, from the viewpoint of the Soviet Union's world strategic interests, it was important to have harbors in Africa and other places where Soviet submarines could be restocked. And if this required the Soviets to declare that the local leaders were the Marxist-Leninist vanguard, we took cognizance of such declarations as superpower practice, but felt that this was none of Hungary's business. Berecz begged to differ.

With Matyas Szuros, on the other hand, there were no differences in this respect. He too felt, just as we did, that it was important to loosen our dependence and to curb Hungary's meaningless and even harmful obligations. And he often supported these views even against the party's leadership.

But the Matyas Szuros of today is an entirely different story. Although he is a deputy speaker of the National Assembly representing the [Hungarian] Socialist Party, there now are differences of opinion between him and his followers, and the party's other leaders. I too count myself among the latter.

[Fuzes] What is the subject of the controversy between them?

[Kovacs] Mainly whether the Socialist Party is sufficiently national, and what actually makes a party national. Szuros has said repeatedly that, with Imre Pozsgay's departure, the Socialist Party has lost much of its national character. He has offered scant arguments in

support of this statement. I belong among those who believe that this statement is not well founded.

In my opinion, the national character of a party does not depend on how often its individual leaders declare that they are thinking in terms of the people and the nation.

[Fuzes] What does it depend on?

[Kovacs] On the extent to which the party seeks and finds answers to the nation's problems. The policy that the Socialist Party formulates expresses this, which makes it a national party.

[Fuzes] Thus we come to Kisujszallas. The conference on the prospects of populist politics has sparked a debate within the Socialist Party.

[Kovacs] Matyas Szuros and a few other like-minded Socialists, whom I too hold in high esteem, were invited there. There was a great controversy about this within the party's executive committee. We had no objection to the topic itself—the party considers populist politics important—nor did we resent that the organizers of this conference selected those members of the Socialist Party whom they judged suitable to debate this topic. Obviously, this did not please those who had not come into consideration, for every Socialist politician considers himself just as nationalist and populist as his peers. Generally speaking, I find it insulting when outsiders attempt to classify Socialists, rating one more nationalist or more social democratic than the other. Who is qualified to judge how truly Hungarian or truly social democratic one is?

[Fuzes] The voters are.

[Kovacs] Exactly. Reverting to your question, the problem for the party's executive committee was that among the conferees there were several whom we do not regard as acceptable to engage in debate.

[Fuzes] Then aren't you yourselves committing the error of "classifying"?

[Kovacs] I am able to present specific arguments as to why I do not regard Istvan Csurka suitable to engage in debate. A perusal of his writings is sufficient to realize that he is formulating views which

[Fuzes] Cannot, must nor or need not be debated?

[Kovacs] Why should they not be debated? But only if Csurka and his followers, on the one hand, and the Socialists, on the other, challenge each other and debate any view in public, under equal conditions. But the conference in Kisujszallas was organized on the assumption that there were certain points of agreement among the conferees. Instead of letting contrasting opinions clash, the purpose of the conference was to raise the common denominator to a higher level. An overwhelming majority within the party's executive committee felt that, on fundamental issues, we neither agree nor can have a common denominator with extremist

politicians whose views evoke indignation both at home and abroad. Then what would they like to raise to a higher level? At the same time, however, the party's executive committee did not forbid the invited Socialist to attend the conference.

[Fuzes] Has the Kisujszallas conference substantiated these concerns?

[Kovacs] No, at least not up to now. To my knowledge, Kisujszallas was an organized event free of extremism. But this could be the start of a process, and if its purpose is to legitimize the extremist views of the ultrarightists, then I am concerned. This is something that cannot yet be decided at present. But what will happen if at the next similar conference the ultrarightists, who are becoming marginalized through the efforts of the centrist forces within the MDF [Hungarian Democratic Forum], gain new legitimacy, with the help of Leftist politicians?

[Fuzes] How are the great currents of thought faring in the world? I have in mind the conservative-Christian, the liberal, the social democratic, and the populist-nationalist political trends.

[Kovacs] They are functioning, maintaining political parties and, with the political pendulum's swing, are creating stable democratic conditions. Although ultraright political views are gaining slight ground, in Western as well as Central and Eastern Europe. But in our area the great trends have not yet projected themselves clearly into individual parties. There is no political party in Hungary that corresponds 100 percent to its name, to the fundamental values in its program. The MDF is unlike the British and German Conservatives. The aspect of FIDESZ will emerge only after the next election, and it is not certain that it will be a liberal aspect. Its present aspect is unlike that of the classical liberal parties in the West. It is more radical and, in my opinion, more unpredictable. I am more inclined to regard the SZDSZ [Alliance of Free Democrats] as a liberal party. But then we should not "classify."

Let us add that nowhere in Europe, with the sole exception of Portugal, are there purely liberal governments at present. (Incidentally, the Portuguese liberals are calling themselves Social Democrats.) Elsewhere, with 4 or 5 percent of the vote, the liberals tend to assume the role of the pointer on the balance. In Eastern Europe, liberalism does not have any traditions worth mentioning, yet prospects of a liberal government are being raised as a serious possibility. This in itself indicates that the liberal parties in Eastern Europe are unlike the Western ones.

[Fuzes] And what are the social democrats like here?

[Kovacs] When the MSZP was formed and still in its "birth pangs," it attempted to amalgamate "certain communist values" with the values of social democracy. Otherwise social democratic values are indeed compatible with the classical communist values of the 19th century, but in this century the word "communist" has assumed an entirely different meaning. As an attribute, it

denotes a follower of an unacceptable, undemocratic practice. One cannot identify with that, and it cannot be mixed into the documents of a social democratic party. And we omitted it eventually. (I wish to note parenthetically that this again is all the same to those who wish to attribute all the troubles of the past 40 years to socialist villainy. So far as the "sameness" of the two parties is concerned, barely 4 percent of the old MSZMP's membership can now be found in the MSZP.)

The Socialist Party has unambiguously espoused social democracy, but it will of course take time before the entire party becomes social democratic. However, I am certain that the party is more social democratic today than it was yesterday, and that tomorrow it will be even more so. There can be no turning back in this respect.

[Fuzes] The historical social democratic parties have been wiped out in our area. And the new, democratic Leftist parties are far from being in power. Except in Slovakia, Slovenia, and Lithuania.

[Kovacs] Yes, the forced physical and generational "drop-out" has wiped out the old parties completely, except perhaps in the Baltic states. In many places, as in Hungary, a series of internal crises shook and discredited the traditional social democratic parties. Among the new parties formed from the reform-communist parties, the MSZP is the only one so far to have been accepted into the Socialist International. But the Slovenian, Slovak, Lithuanian and other parties also have a place in the Socialist International and must gain their acceptance by that body. And there are also entirely new social democratic parties, but without memberships of significant size for the time being. In Hungary, for instance, Zoltan Kiraly's party.

And so far as the parties that have remained Marxist-Leninist are concerned, they will not be playing any meaningful role in the foreseeable future, in my opinion.

[Fuzes] We thought that the world would be more secure with the passage of bipolar confrontation. It turned out that we had been wrong. In a polygonal world, moreover, specifically our area has become far more insecure.

[Kovacs] The bipolar world had a sad yet functional logic: the two superpowers restrained each other. Within this framework, also our area was secure. With the sole exception of Austria, it was in the Soviet sphere of interest. Superpower logic was able to control even the otherwise very dangerous local crises: when a certain point was reached, both Washington and Moscow reined in their allies. The threat of another world war kept the world "in balance." Today the United States is the only superpower, with sufficient military, political and economic might to defend U.S. interests anywhere in the world. That might made also the liberation of Kuwait possible, with international support. But it occurred to me already then: What would happen if the United States wanted to act once without the international community's support? In principle, that possibility cannot be ruled out. Would the absence of international

support hold Washington back from taking action? On the other hand, if Washington's immediate interests were not involved, would an international request suffice to persuade Washington to take action? We now encounter the latter situation in Bosnia.

I see the greatest danger at present in the absence of a structure that would be able to handle the problems of the Central and East European area. The Conference on Security and Cooperation in Europe was established not for this purpose, but to "regulate" the bipolar East-West confrontation and coexistence. NATO and the West European Union likewise were not established for that purpose.

[Fuzes] Then should we join NATO or create an East European NATO?

[Kovacs] The latter suggestion is absolutely unrealistic. And even if it were realistic, already the first steps toward its establishment would pose a much greater risk than the one the organization was intended to avert. This would immediately raise suspicion. When the Visegrad Three [Czechoslovakia, Hungary, and Poland] first met, the question immediately arose both in Bonn and Moscow: Against whom was the meeting directed? And we had to explain that this was no security pact. Also when the National Assembly approved the conceptual plan for security policy, it became evident that what Hungary has to face is not some specific military threat, but security risks stemming from the mostly unpredictable conditions in the area. Russia itself is the greatest risk. There are at least 70 regions in Russia to which two or more states or peoples are laying territorial claims. Not to mention the other problems. These are dangers, risks of a new type, which the international community ought to be handling in an entirely novel way and within a new framework.

[Fuzes] What is the solution?

[Kovacs] In the longer term, for the Conference on Security and Cooperation in Europe to transform itself into a real, all-European security system. Another possible solution would be to gradually integrate this area into the organizations that at present are exclusively Western European ones. The European Community and the West European Union, rather than NATO, are the important organizations. But this is a process that will take very many years.

[Fuzes] And in the meantime we should reconcile ourselves to living in insecurity?

[Kovacs] Indirect security guarantees can come into consideration until then. But under no circumstances could those guarantees be selective ones—i.e., guarantees that might apply to some countries, but not to others. However, this would create tensions, and perhaps even conflicts. Short-sighted is the policy that forcefully seeks security guarantees for itself, in the belief that such guarantees "suffice." The only good security policy is a

balanced, benevolent policy of good-neighborly relations. That requires setting aside references to centuries-old grievances. Grievances cannot be compared, because there is no unit of measure for them. Every people is firmly convinced that it had suffered the most. We must rise above all this and emphasize coexistence as well as the coincidence of our interests.

[Fuzes] What would you have done differently if you had been the minister of foreign affairs? And what would you do differently if you should happen to become foreign minister?

[Kovacs] I do not disapprove of people who strongly aspire after power, but I personally do not long for power, only for meaningful work. (Of course, that too requires a modicum of power.) I am not thinking about what course my career will take, and I do not long to become minister or state secretary. And I likewise do not regard as the only good election result for the Socialist Party a chance to form the government or to join the ruling coalition. It is better to be a strong opposition party than a vulnerable junior member of the ruling coalition.

I would place strong emphasis on thoroughly analyzing the international processes, on preparing Hungarian foreign policy for every possible "scenario." I would do my best to ensure that imagined or real past grievances, nostalgia, a sense of mission, feelings of superiority, ideological and political empathy or antipathy, and narrow party interests play no role in Hungarian foreign policy. I would strive to avoid ambiguity and would warn everyone against making statements that could lead to misunderstandings or misinterpretations. I would devote close attention to the preparation of high-level meetings at home or abroad, to making the talks as goal-oriented as possible. For history lessons and possible complaints against individual neighbors are very time-consuming and occasionally backfire. I would see to it that valuable, gifted people do not leave the foreign service because they have become insecure and see that, once again, labels rather than arguments decide professional debates. I would use only professional competence and human values as a yardstick, rather than protestations of loyalty.

The present scope of Hungarian foreign policy is incomparably broader than it was in the past. That is an opportunity which must not be missed. We have to exploit it, for the benefit of the country and the nation.

*** Court Voids Suspension of Statute of Limitations**

*** Summary of Court Action**

93CH0814A Budapest HETI VILAGGAZDASAG in
Hungarian 3 Jul 93 p 18

[Unattributed article: "Statute of Limitations Exists"]

[Text] A law to supplement the rules of criminal procedure adopted by parliament on 16 February 1993, awaiting proclamation, is unconstitutional "as a whole and in its parts, from the standpoint of both content and form," the Constitutional Court [AB] declared last Tuesday. In February, parliament adopted a three-part package designed to do justice (HVG 27 February 1993), and one of these was the so-called Lex Zetenyi II, an amendment to the criminal procedures now declared as unconstitutional. Based on this law, the fact that the statute of limitations had expired with respect to any crime punishable by at least five years in prison could be declared only by a court of law, i.e., the police or prosecutors could not discontinue their proceedings on grounds that the statute of limitations had expired. According to the AB, the law adopted by parliament and reviewed at the request of Arpad Goncz, "represents in its contents a criminal law with a grave retroactive effect." Rejecting claims that these judicial proceedings would serve more like fact finding proceedings, than as criminal proceedings seeking punishment, the AB said: "It would be an abuse of the state's power to punish individuals if the criminal procedural means to restrict a person's rights were to be used for a purpose other than holding a person responsible under criminal law." In contrast, dissenting AB Justice Janos Zlinszky wrote that "although the challenged law was not fully developed in several respects and raised doubts," it did not conflict with constitutionally sound criminal law.

A statement of principle resolution concerning the "interpretation of the lapse of culpability under the statute of limitations" adopted on 16 February, and proclaimed on 27 February by the National Assembly also suffered the fate of Lex Zetenyi II. The AB ruled that since this kind of resolution did not constitute law, based on the principle of separation of powers it might be "binding only insofar as the National Assembly and its organs were concerned," while the organs "meant to comply with the resolution were clearly the criminal enforcement authorities." The AB also regarded the contents of the resolution unconstitutional: In reality, the resolution does not interpret the law, but creates a provision of criminal law, because it reinterprets the rules of the statute of limitations by establishing a condition, according to which the statute of limitation expires only, if, in addition to the passage of time, the state makes an effort to discharge its obligation to persecute a crime. (The statement of principle resolution came before the AB based on proposals from two unnamed persons, not at Arpad Goncz's request.)

The third decision of parliament adopted in February was left pending; an AB decision in this regard will be handed down in September, at the earliest, after the AB's summer recess. If proclaimed, this law, too, would have doing justice as its goal; it is being reviewed at the request of the president of the Republic. The government—the sponsor of the related legislative proposal—claims that this law does not contain new rules. It cites and summarizes provisions related to war crimes which had been in force earlier, including in 1956.

* Text of Court Ruling

93CH0814B Budapest MAGYAR KOZLONY in
Hungarian No 85, 30 Jun 93 pp 4595-4599

["Constitutional Court Decision No. 41 of 30 June 1993"]

[Text]

FOR THE HUNGARIAN REPUBLIC

The AB [Constitutional Court], with Justice Dr. Janos Zlinszky filing a separate opinion, has made the following decision in response to a proposal to review the constitutionality of "other legal means by which to direct the state."

The AB has determined that National Assembly Statement of Principle No. 1 of 27 February 1993 concerning the interpretation of the statute of limitations is unconstitutional, and therefore declares the Statement of Principle null and void effective on the day when this decision is published in MAGYAR KOZLONY.

A requirement mandating the application of a legal interpretation contained in a statement of principle is constitutional only insofar as its binding force pertains to the National Assembly and its organs (Paragraph 54 Law No. 11 of 1987).

The AB publishes this decision in MAGYAR KOZLONY.

ARGUMENT

I.

1. The proponent National Assembly representatives regard the National Assembly's Statement of Principle No. 1 of 27 February 1993 (hereinafter: Statement of Principle) concerning the interpretation of the statute of limitations as inconsistent with the standards of constitutional statehood spelled out in Paragraph 2 Section (1) of the Constitution. All proponents agree that the Statement of Principle fundamentally contradicts the position taken in AB Decision No. 11 of 5 March 1992 (hereinafter: Statute of Limitations Decision).

2. After stating the manner in which "The Hungarian State" recognized equality before the law "during the period beginning on 21 December 1944 and ending on 23 October 1989", and the way it rendered "the persecution of crime the unavoidable duty of authorities," the Statement of Principle relies on a provision of the Statute of Limitations Decision taken out of context, and defines conditions for enforcing the statute of limitations as a legal institution under criminal law.

According to the Statement of Principle: [quotation marks as in the original] "As declared by the AB in Decision No. 2086/A/1991/14," (page 18), "the expiration of the statute of limitations with respect to a given crime is an issue based on legal criteria, i.e., legal provisions must change a natural fact—the passage of

time—into a fact that draws legal consequences.” In due regard to all this, from the standpoint of the commission of a crime, the time during which state organs having jurisdiction fail to exercise their penal authority is irrelevant from the standpoint of law, because as a result of this failure the state partially suspends the administration of justice mandated by the Constitution and by constitutionally sound legislation in violation of the principle of “equality before the law.” The principle of equality before the law does not express a value conflicting with the principle of the need to avoid arbitrary enforcement, but instead serves as a precondition for avoiding *de facto* arbitrary enforcement. This also means that the prohibition of arbitrary enforcement suffers if the period in which the proven failure to operate the administration of justice regarding a specific crime becomes relevant in the context of that crime. Accordingly, the natural passage of time becomes a fact that draws a legal consequence—the expiration of the statute of limitations—only if the authorities actually persecute a crime as mandated by the Code of Criminal Procedure. It then follows that if extra-legal elements (e.g., party resolutions) or low-level legal provisions (secret directives) contrary to constitutionally sound legal provisions frustrate the mandate to persecute a given crime, or for no valid legal result in the failure to hold a person criminally liable despite the state’s duty to persecute crime, no legal effect causing the lapse of a crime under the statute of limitations can come about.

The failure of the state’s leadership to persecute a crime for reasons that cannot be reconciled with basic constitutional principles espoused by constitutional states recognized or substantially presumed to be consistent with the will of the state’s leadership, constitutes a failure to hold a person criminally liable without legally valid cause.

II.

The proposals are well-founded. The Statement of Principle is unconstitutional both in its form and content. It violates the constitutionally sound requirement for the avoidance of arbitrary action—a substantive element of constitutional statehood—as well as the practice of creating *ex post facto* laws, prohibited by constitutionally sound criminal law.

1. As a first step, the AB considered whether reviewing the National Assembly’s Statement of Principle—a legislative act interpreting the law—was or was not within its authority.

Paragraph 1 Subsection (B) of Law No. 38 of 1989—the AB organic act—delegates authority to the AB to perform the after-the-fact review of the constitutionality of other legal means by which to direct the state.

Chapter III of the Legislative Law, Law No. 11 of 1987 defines the actions of the state that do not qualify as laws: the other legal means by which to direct the state. These include legal guidance (Paragraphs 53-56). Based on Paragraph 54 of the Legislative Law, the National

Assembly may interpret laws in the form of statements of principle. Publication in *MAGYAR KOZLONY* is the sole requirement in this regard. Accordingly, the Statement of Principle represents one of several other means by which to direct the state, and as such, it is within the scope of the AB’s review authority even though it contains an interpretation of law.

2. The Statement of Principle is undoubtedly intended to apply to authorities proceeding in criminal cases: “Quite naturally, only those who apply the law regarding specific cases may decide whether the statute of limitations, as a legal fact in due regard to the above, has expired,” the Statement of Principle indicates. Accordingly, the interpretation is addressed to those who apply the law.

In its decision No. 38 of 11 June 1993 the AB indicated that based on its own constitutional scrutiny of legal provisions, it has authority to establish constitutional criteria with which interpretations of legal standards must comply. In the AB’s view, the binding force and personal effect of the interpretation contained in the National Assembly’s Statement of Principle may be determined pursuant to the principles of the division of power and of the separation of powers as propounded by the Constitution.

The fact that the Constitution separates the legislative power from the executive power creates a division of authority, and not a hierarchical principal-subordinate relationship. The balance of legislative, executive, and judicial powers suggests that a legal interpretation proclaimed by the National Assembly, one that is not a law, does not have a binding effect either on the judiciary or on other authorities involved in criminal proceedings.

Separation of powers means that no branch of government is subordinate to the National Assembly; interpretations of law provided in the form of statements of principle are binding only in regard to the National Assembly and its organs. Mandatory effect on a broader scale can be established by the National Assembly only in the form of a legal (in the form of law) interpretation of the law.

The fact that for purposes of interpreting legal conditions and avenues provided by the Criminal Code of Laws for state interference with the lives, liberty, and rights of individual citizens, and for the limitation of basic constitutional rights, the National Assembly failed to adopt a law, and that instead of adopting a law, it adopted a statement of principle—a legislative vehicle that has no binding effect insofar as citizens and authorities proceeding in criminal cases are concerned despite the Statement’s asserted general applicability of the interpretation—violates the prohibition against arbitrary action as expressed in Paragraph 2 Section (1) of the Constitution, as well as in Paragraph 8 Sections (1) and (2) of the Constitution, which establish potential constitutional recourse against interpretations of laws made by the legislature affecting the fundamental rights and duties of individuals.

3. The Statement of Principle is also unconstitutional, because from the standpoint of its form it does not amount to an interpretation of law, but to the creation of criminal law flawed in its form; it is an amendment to the Criminal Code of Laws appearing as an interpretation of the law.

The basic rule to be observed when interpreting the law is that an interpretation deals only with the contents of an existing legal provision, and does not lead to the establishment of new legal standards by amending the substance of existing law.

The fundamental constitutional flaw of the Statement of Principle is that it reinterprets the institution of the statute of limitations: in addition to the passage of time, it also establishes the fulfillment of the state's duty to persecute crime as a new, general condition for the expiration of the statute of limitations.

The legislature enjoys relatively great freedom insofar as defining conditions for the expiration of the statute of limitations is concerned, i.e., the lapse of a crime is indeed an issue to be determined on the basis of legal facts. The Statement of Principle cites a statement contained in the Statute of Limitations Decision: "*legal provisions must change a natural fact—the passage of time—into a fact that draws legal consequences.*" This thought is expressed in legal provisions defining the time when the statute of limitations begins to run, when it is interrupted, and when it tolls, as a result of which the actual time during which the statute of limitations runs may be longer than the time period specified by law. *Notwithstanding this fact, possible ways in which differences between the actual time and the legally established time limit may occur must be established by law in advance.*

In reality, the Statement of Principle is not an interpretation of law, but an *ex post facto* law, moreover in *malam partem* [in a negative sense].

The Statement of Principle is just as unconstitutional in regard to criminal acts committed prior to its "taking force," as the law adopted by the National Assembly, but not proclaimed—the subject of the Statute of Limitations Decision. The AB has already taken a position in this regard in the framework of a major decision. According to this decision: "It is unnecessary to restate the fact that the statute of limitations has tolled, if, based on laws in force at the time of commission, the statute of limitations had indeed tolled. Judging the statute of limitations, applying the relevant law, is within the exclusive domain of the authorities charged with the persecution of crime, and, in the final analysis, of the courts. *In this regard, no subsequent laws may render decisions.*" "Legal criteria to determine the time when the statute of limitations begins to run, and its duration must exist while the statute of limitations applied, and such criteria either exist or do not exist. Something that was not a legal criterion prompting to suspend ('toll') the

statute of limitations when a given crime was committed, cannot be declared as a legal criterion afterward." (III/4. p)

The Statute of Limitations Decision repeatedly states that the expiration of the statute of limitations discontinues culpability irrespective of the reason why the criminal had not been persecuted. In other words, the criminal must not suffer as a result of the state's failure to persecute his crime. This thought is most forcefully and unmistakably represented in Points V/5 and 6, which also refer back to the position taken in AB decision No. 9 of 30 January 1992 concerning protest on legal grounds. "According to this, the burden of the state's failure to achieve the ideal purpose of criminal proceedings, the pronouncement of just and appropriate sentences must not be shifted to the offender. From the standpoint of the constitutionally sound distribution of the burden it is indifferent whether the state performs badly or not at all its mandate to punish; and it makes no difference why it performed this function badly or not at all. Similarly, the state is to be blamed if the organs charged with the persecution of crime are ill equipped, if their employees are negligent, if they are financially or politically corrupt, or if they are conscious accessories to crime. *The criminal enforcement policies of an era may be regarded as unconstitutional; but even then, one cannot retroactively declare as nonexistent certain activities under penal authority in a system that functioned contrary to the principles of constitutional statehood, and to then conclude that in regard to certain crimes the statute of limitations could not even have begun running.*"

The AB has determined that the statements contained in the Statement of Principle are contrary to AB Decision No. 11 of 5 March 1992 regarding the same subject. In due regard to the repeated presentation of this issue, the AB states that pursuant to Paragraph 27 Section (2) of the AB organic act, the decisions of the AB have a binding effect on everyone and must not be circumvented.

[Signed] Chief Justice Dr. Laszlo Solyom, Justices Dr. Antal Adam, Dr. Geza Kilenyi, Dr. Peter Schmidt, Dr. Andras Szabo, Dr. Odon Tersztzyanszky, Dr. Imre Voros, Dr. Janos Zlinszky

AB Case No. 476/B/1993/5.

Separate opinion by AB Justice Dr. Janos Zlinszky

In its deliberations the AB examined three issues:

- (a) whether the National Assembly had authority to issue the Statement of Principle objected to;
- (b) whether the AB has authority to review the constitutionality of the Statement of Principle objected to; and
- (c) whether the Statement of Principle objected to is unconstitutional.

According to Paragraph 54 of Law No. 11 of 1987 (hereinafter: Legislative Law) the National Assembly

may interpret legal provisions as part of statements of principle; such statements of principle must be published in MAGYAR KOZLONY.

The Legislative Law defines the National Assembly's statements of principle interpreting legal provisions as one of several other legal means by which to direct the state, and within that, as legal guidelines.

Other legal means by which to direct the state are not legal provisions, but decisions and legal guidance provided by state organs in the form of determinations [or resolutions]. Among the other legal means by which to direct the state, it is the function of legal guidance to assist the activities of organs which must apply the law, and to encourage the uniform enforcement of law. Just as legal provisions do, other legal means by which to direct the state also have the force of law, while legal guidelines generally do not have the force of law. Since the given legal guidance appeared in the form of a National Assembly resolution, pursuant to Paragraph 46 of the Legislative Law it has the character of an executive directive applicable to organs directed by the National Assembly.

The Statement of Principle interprets legal provisions. The Legislative Law does not establish limits as to the substance and contents of statements of principle. A sentence of the legislative intent added by the minister to the relevant provision of the Legislative Law, according to which statements of principles "must not affect the authority of the Supreme Court and of the courts to interpret laws" cannot be regarded as such limitation either. This is so, because, from the outset, this principle flows from the basic constitutional principle according to which courts are only subject to laws (Paragraph 50 Section (3) first sentence of the Constitution), and from the fact that guidelines and decisions involving principles promulgated by the Supreme Court in the form of directions and statements of principle affecting the judicial operations and the adjudicative practice of courts have a binding effect on courts (Paragraph 47 of the Constitution). The nonbinding character of statements of principle issued by the National Assembly is consistent with the above constitutionally sound principle, it does not violate that principle. Consequently, no general restriction regarding the subject matter or content of National Assembly statements of principle interpreting laws exists.

In my opinion, the above analysis shows that the National Assembly did have authority to issue the Statement of Principle objected to.

(b) Paragraph 1 Subsection (b) of the AB organic act states that the after-the-fact review of the constitutionality of other legal means by which to direct the state is within the authority of the AB. The organic act does not distinguish between various other legal means by which to direct the state from the standpoint of their binding or

nonbinding character. The AB has authority to examine the constitutionality of the Statement of Principle objected to.

In case No. 1375/J/1992 the AB rejected, without considering merits, a proposal seeking the review of the constitutionality of a National Assembly resolution pertaining to a specific case and containing specific decisions, claiming that the Court's authority extended only to the examination of the constitutionality of other legal means by which the state can be directed that set standards. Insofar as the character of the presently objected to Statement of Principle is concerned, the legal interpretation pertains to principle, and not to a specific case, and therefore there should be no concern from the standpoint of the AB's practice whether the Court is authorized to examine it.

(c) Interpreting laws involves an activity which reveals the deeper, fuller content of law. Public law recognizes three outcome categories resulting from the legal interpretation of Hungarian laws.

The first category includes decisions of the AB interpreting certain paragraphs of the Constitution based on proposals by persons having standing; according to Paragraph 27 Section (2) of the AB organic act, these have a binding effect on everyone. This category also includes guidelines and decisions of principle made by the Supreme Court regarding the judicial and adjudicative activities of the lower court; these are binding with respect to courts, based on Paragraph 47 of the Constitution.

The second category includes guidelines that may be issued by the central organs of the state, as provided for by the Legislative Law. These do not have a binding effect, rules to be provided for such guidelines by law was justified by practice that preceded the enactment of the Legislative Law, which led to a large number of informal means of direction, and to their incorporation in the form of actual legal provisions. The Legislative Law established safeguards regarding the issuance of other legal means to direct the state, and reaffirmed the lack of a binding legal effect.

The third category includes legal interpretations not governed by law, interpretations which totally lack the character of public law and may be performed by anyone outside of the above organs, or by the above organs, but not in the legally prescribed form. Interpretations falling into this category may be performed by anyone, and the person providing the interpretation may proclaim his conclusions as a result of enforcing his right to freely express his opinion. Such interpretations also lack a binding force.

The Statement of Principle objected to is the result of an interpretation of the second category. It has no legal effect, it is not binding from the standpoint of any state organs, including the courts. Consequently, and irrespective of its contents, it cannot be unconstitutional, nor can it be repugnant to any other law, and therefore we

may rule out the possibility that it is unconstitutional from the standpoint of format. It does not conflict with a decision of the AB, it does not amount to after-the-fact legislative interference with the way the statute of limitations should be viewed. Its purpose is to interpret a legal provision, it is an interpretation the substantive scope of which is not restricted by the Legislative Law according to the above, and thus it may be discretionary, but the interpretation has no legal force regarding anyone. The National Assembly's authority to interpret laws is unlimited as to content; in certain cases the National Assembly may be held politically responsible for declaring its position. The Constitution does not generally restrict the content of the the National Assembly's legal interpretations, and the possibility of declaring such interpretation as unconstitutional is ruled out from the outset by the nonbinding character of the interpretation.

The majority opinion expressed in the present decision of the AB states that the content of the National Assembly resolution is unconstitutional because in a covert fashion it retroactively changes penal standards and establishes a new standard.

I also disagree with the Court's position asserting that the content of the Statement of Principle is unconstitutional. In its Statement of Principle the National Assembly is interpreting a generally applicable obstacle in the path of the statute of limitations that has existed ever since 1945, a hindrance established in the form of a principle in Paragraph 9 of Law No. VII of 1945: "the statute of limitations tolls with respect to criminal acts whose possible persecution had been prevented by the prevailing power." (At this point it is a side issue, whether the retroactive effect of this doctrine created conflicts with the Constitution in its own days with a retroactive effect, because the National Assembly interprets this doctrine to apply to the period after it was written.) This doctrine has been sustained by legal provisions referred to in the interpretation, its basic idea is consistent with the principles of constitutional statehood and of prohibition against arbitrary action according to the National Assembly's interpretation.

The legal interpretation contained in the Statement of Principle may be freely considered by anyone (state organs, legal scholars, private persons) as one of several, theoretically possible alternatives. The National Assembly's Statement of Principle analyzes the contradictions of the internal law of the past system in due regard to the Statute of Limitations Decision, and expresses the opinion of a majority of the National Assembly in this regard. The weight, the convincing force of the legal interpretation contained in the Statement of Principle stems from the prestige of the National Assembly, from the place it occupies among the organs of state power. The legal interpretation contained in the Statement of Principle pertains to methodology and history, but it was not prepared at the same time as the legal provisions, and therefore does not serve as an authentic foundation for historical interpretation. The resolution does not

restrict the freedom of courts to interpret laws, it does not create a retroactive standard, and therefore it is not repugnant to the Constitution.

Based on the above, I believe that the proposal should have been rejected.

[Signed] AB Justice Dr. Janos Zlinszky

* Broadcasting Application Process Described

93CH0816A Budapest MAGYAR NARANCS in
Hungarian 1 Jul 93 p 11

[Article by Miklos Sukosd: "Frequency Allocation: The Next Chapter"]

[Text] The worst possible outcome has materialized in the media war every time thus far. No media law has been promulgated; the government ousted the presidents of the national media and changed the program structure so as to become supportive of the government. At present the government is handing out permits to launch local television and radio stations—in the absence of a law and any institutional guarantee.

The Ministry of Culture and Public Education will publicize conditions for competing to start local TV and radio stations on 7 July. With that the frequency moratorium is coming to an end, and it is hoped that the media market is going to become more colorful—unless the ministry grants permits to ruling party client investors on a preferential basis. Aware of the government's media and cultural policies, there is a good chance of this.

The ministry held several briefings prior to the magic date to members of one of the local TV associations—most recently at Szekesfehervar, and on 27 June at the MUOSZ [National Association of Hungarian Journalists] headquarters. Reminiscent of the brightest days of the Kadar era, no written information was handed out at the meetings; people from the ministry frequently made reference to their own incompetence and to their bosses; time ran out in the end and many issues remained unclear. Local TV operators reacted by grumbling collectively, and by creating periodic cacophony.

"We are dealing with applications, not with competitive bidding," Balazs Molnar, the ministry's legal counsel stressed at the Sunday meeting. Undoubtedly, this feudal language use accurately reflects the procedural aspects of the proceedings, and the attendant legal circumstances. Interested parties may submit applications after paying 40,000 forints. Any applicant may seek permits for the establishment of a maximum of three studios, and since payment is due after each submission separately, the total cost is 120,000 forints. The country has been divided into 48 radio and 54 television districts; accordingly, 102 permits are going to be issued. If there are more eskimos than seals, the ministry is going to convene interested persons locally to reconcile their interests, and is going to try to persuade them to establish

joint studios. This applies only to qualified eskimos, however. Unreal, skinny eskimos will already be filtered out in the first round of negotiations.

Each applicant must provide detailed information on the application forms about himself, his background, and his professional and cultural connections. Sixteen pages are filled with questions: in addition to the organ establishing the studio they also want to know the personal data of those responsible for operations and programming, the planned staff size, the ratio of employees versus contractual workers, the competence and experience of the leaders and the subordinates, and what is even more interesting: the cultural relations and foreign connections of the founder of the studio, his cooperation with other program providers, and with local, cultural and minority organizations. They also inquire about the sources of financing and about the organization that would cover losses.

The ministry wants to see a detailed program policy concept broken down by days, weeks and months, including detailed descriptions and ratios of various types of programs. It is inquiring about the ratio of satellite programs and the technical background, and it wants to have a detailed investment and financial plan. The ministry maximizes the ratio of commercial advertisements at the 20 percent level, and at 10 percent if public funds are used to pay for broadcasting time. An inquiry in the column near the end suggests a lot: They want to know "any other data from which things could be learned about the contestant." Finally, we must mention the antimonopoly rule. An applicant cannot hold a controlling interest in a Hungarian or foreign medium (including newspapers, in this instance).

All this would be okay. A professionally prepared and politically balanced committee operating in a democratic culture, under clear legal and institutional conditions could indeed demand such data to enable it to formulate impartial judgment. Similarly, the principles underlying the additional conditions, such as the designation of transmission patterns, the maximizing of advertising time, and antimonopoly rules, could be acceptable.

But the truth is that the local studio licensing process beginning on 7 July involves arbitrary action by the government, and takes place in the framework of partisan cultural and autocratic media policies, in a field not governed by law. It encourages feudal conduct on part of the applicants, encourages the suppression of information and the concealment of real intentions, and an overemphasis on politically appropriate connections. In brief: The process continues the heritage of the Kadar system's shrewdness, and weakens the sense of security under law.

Along with these political and legal arguments, six professional arguments may be raised against the present method of studio licensing.

(1) Too short a period to compete; bad timing. Unless applicants read *MAGYAR NARANCS*, they only have a month beginning 7 July to prepare their submissions due by 7 August, moreover in the dead season of the summer. Within a month they must recruit staff, develop substantive plans, and if necessary, establish the legal framework (registration at the Court of Registry, etc.). Since many contestants are local governments, and the month in which to compete coincides with people taking vacations and professional study trips, the brevity of time could create a crisis situation in many local governments. The hasty establishment of the organization and the legal framework could, in the long run, predestine these studios to operate in an ad hoc, haphazardly designed framework. The urgency of this matter can be explained by the approaching elections.

(2) The future of the permits already issued is unclear. Hundreds of presently operating studios, cable systems and transmitters operate within at least four different legal structures. It is not clear which permits are going to expire and which ones remain valid as a result of the licensing process that is going start now. Ministry officials, too, appeared to be uncertain in this regard at the briefings.

(3) If several appropriate applications for operations within the same district are received, the ministry plans to convene the applicants, to mediate, and to encourage the establishment of joint studios. Doing so, however, should not be the business of government, but of professional associations, or, perhaps, of a mixed professional and state corporate body. In this regard, the activist state would function not only in a legally unclear situation, but clearly without authorization and lacking jurisdiction. To be more exact: The lack of rules regarding the background of licensing, and the vagueness of the competitive criteria provide an opportunity for hyper active activities on part of the ministry.

(4) The ratio of professional representation within the inter-ministerial committee that issues permits is small, as long as only two persons represent the profession in a committee of at least 10 persons. This body composed of only government officials shows no trace of a political consensus, and it could easily vote down even the proposals advanced by the profession.

(5) The licensing procedure plants a time bomb in the midst of the local media market. The call for applications does not distinguish between public service, commercial, and community programming. If, as expected, a newly-adopted media law governs this matter in the next administration, the present licensees holding permits for a six year period are going to be in trouble. This is so, because the law is going to make an accurate distinction between the duties of the various types of program providers, and thus the legal situation of today's licensees is going to become questionable.

(6) The antimonopoly rule contains no provision to prevent the subsequent concentration of owners.

Although the call for applications states that any applicant may establish a maximum of three studios, and that in judging the applications, they are going to rule out applicants holding a controlling interest in other media, the ministry seems to be the victim of lack of sociological knowledge. Many founders of studios suffer from shortage of capital, and they would be pleased to receive large investors sneaking in below the garden walls, inquiring about local studios in entire regions. Privatization of several local government studios is already in progress, and offering themselves to the Western media market is the greatest desire of new owners. In contrast to the rules governing applications, a change in ownership can be accomplished by simply reporting the change, thus there is no obstacle in the path of evolving regional monopolies. Despite this, however, there is no sign to indicate that ministry officials understand the significance of this issue—officials who frequently voiced their inexperience in media issues at the briefings.

The above applies only to the founding of local TV and radio studios. In order to begin operations and actual transmission, the founders must receive a frequency allocation and compete for additional permits. Pardon me: apply for additional permits.

* Catholic Bishop on Real Estate Settlement

93CH0816B Budapest HETI VILAGGAZDASAG in Hungarian 3 Jul 93 p 36

[Interview with Bishop Endre Gyulay, by Janos Dobszay; place and date not given: "The Bishop Involved in the Real Estate Negotiations Responds: 'Priests Receive a Salary of 10,000 Forints'"]

[Text] *The public image of the [Catholic] Church is that of a "poor church," operating mostly on the basis of alms. Thus, when National Assembly representatives approve billions of forints in support funds year after year, the unavoidable question arises: Is the church managing its assets and revenues to the benefit of society? We interviewed Szeged-Csanad County Diocese Bishop Endre Gyulay (age 63), the person in charge of negotiations concerning the return of real property, about the management of the Catholic Church.*

[Dobszay] What is the ratio of state support funds within the total revenues of the Catholic Church, and from where do you receive additional resources needed for operations?

[Gyulay] Most of the income and expense ratios described in 1991 by Klara Meszaros, the economist of the council, still hold true. According to these calculations, state support funds represented about 46 percent of all revenues in 1990. Aid from abroad represented 33 percent, while church tax levies, collections, and what was left over from the previous year amounted to 14 percent. In addition, we accrued a 7-percent interest income on our accounts. During the past two years, however, the amount of Western support funds has

gradually diminished. On the other hand, the amount of support that may be "expected" from parishioners cannot be increased; we are well aware of the fact that most people are not able to contribute 10 percent of their income, as described in the Old Testament. None of the historical churches—as compared to a majority of the sects—expects contributions of this size from their parishioners. Our "desire" is that every income-earning person contribute 1 forint per day to cover our expenses.

[Dobszay] Aside from considerations based on performing the mission, did the streamlining of financial management have anything to do with the redrawing of diocesan borders?

[Gyulay] The area of the country is rather varied from the standpoint of individual income and assets, consequently, in drawing new diocesan borders we were unable to consider a possible equal distribution of the parishioners based on their financial situations. The principle that provided uniformity was the number of parishioners: 450,000-500,000 parishioners per diocese. Accordingly, the reorganization may lead to a heightening of "economic disproportions."

[Dobszay] In the past system the church had no interest in allowing the authorities to understand its internal affairs, and thus also its financial management. To what extent are the church's financial affairs controlled today?

[Gyulay] "Bell purses" and alms boxes are emptied, and donations are counted by two persons designated by each parish, and they prepare a record of these. Each church district must prepare an annual budget, subject to approval by the representative body of parishioners and by the business management office of each bishopric. The financial committee of each church district performs audits twice a year, and a closing financial statement is being prepared at the end of each calendar year. Except for state funds received to support religious life, each diocesan bishop is obligated to provide a detailed accounting.

[Dobszay] What is the income of a priest today, as compared to the average white-collar income, let us say?

[Gyulay] About half of that. The state's benefit payments to parish priests, which amounted to about 500 forints per month to assistant pastors, and 800 forints to pastors, has been discontinued when the system changed. The average income of priests amounts to about 10,000 forints. A priest serving a "busy," large city parish receives somewhat more than the pastor of a small settlement. The difference results from the larger or smaller amount of "surplice fee" paid after the number of funeral, wedding, and baptismal ceremonies. On such occasions priests performing the ceremonies receive an extra income of between 200 and 300 forints. But the situation of elderly priests—about two-thirds of the number of all Hungarian priests—is even more destitute than that of the active priests. Although not every priest of retirement age receives pension payments, their sustenance presents a significant financial burden to the

church. Prior to the system change the state contributed nothing for this purpose, and even today, social security provides only the minimum amount of pension due on the basis of a person's right as a citizen.

[Dobszay] Does the church supplement its financial resources with revenues derived from some business venture?

[Gyulay] I am not aware of any significant business venture. A few book publishers possibly earn some solid profits that are used to produce additional publications, but these amounts are insignificant. Before travel agencies began to organize pilgrimages it appeared that the travel agency called Catholica-2000—receiving partial support from the Esztergom Diocese—could produce significant profits, but competition has increased since the system changed, and this is reflected in the decreased earnings of the travel agency. The church would need investment capital in order to enter into business, but such capital does not exist. We are requesting the return of our real property to implement religious and social welfare programs, and not for "profiteering" purposes such as leasing real property, for example. Quite appropriately, the law providing for the return of real property prevents such profiteering.

[Dobszay] You represent the Catholic Church in the committee that regularly meets with the government and with organizations affected by the return of real property to the church. Where do we stand with the negotiations this year?

[Gyulay] Parliament has set aside 3 billion forints to compensate those who return the church's real property. Experience shows, however, that local governments, for example, frequently assert unrealistic, high claim amounts, perhaps in hopes of increasing their revenues. This year the Catholic Church would like to reacquire 180 buildings, and the committee has already managed to settle the future disposition of 50 or 60 of these. Of concern is the fact that this year's funding has been fully exhausted, and in settling these issues we already had to use up some of next year's funds.

[Dobszay] If I am correct, last year the bishops of Hungary took part in a managerial conference held in Vienna. Did they become better "businessmen"?

[Gyulay] This conference was very useful, even though financial issues were not on the agenda. We received guidance primarily in regard to various issues worth considering in the course of decision-making, the way we should negotiate, or, for that matter, how to make statements to journalists.

* Progress on Expo '96 Preparations Satisfactory

* International Committee's View

93CH0718A Budapest PESTI HIRLAP in Hungarian
12 Jun 93 p 4

[MTI report: "Paris Opinion on Expo; International Bureau Satisfied"]

[Text] The International Bureau of World Exhibitions, the BIE, is satisfied with the preparations of the Budapest Expo. At the Friday meeting in Paris, Ted Allen, chairman of the organization, and Marcel Galopin, chairman of the executive committee, gave a report on their findings in Budapest and expressed their view that the preparations for the 1996 world exhibition are advancing at an appropriate pace. Mrs. Etelka Pataky Barsi, government commissioner in charge of the exhibition, said in her report that the financial prerequisites for the organization of the Expo have been created, and work related to construction has begun. Invitations to have also been sent to potential participants. At the same time, the city of Budapest has also taken the necessary steps; the development of infrastructure has begun, notably with the construction of the M0 expressway and the Lagymanyos bridge. The government commissioner said that the members of the BIE showed great interest in the Budapest Expo. For instance, the Japanese delegation requested information at a separate meeting; and the delegates from South Korea, Holland, Portugal, Sweden, and several other countries, requested and were given detailed information.

The meeting dealt with the future of world exhibitions in detail, and the delegates concluded that a comprehensive exhibition like the one in Seville should be held at most once every 10 years. Individual, specialized exhibitions must pay increased attention to the great topics and tasks facing humanity with an emphasis on the future. In this respect, the Budapest Expo featuring the topic of communication fits exactly in the long-term plans. They also stressed the importance of holding supplementary programs and conferences parallel to the world exhibitions. This is also included in the program of the 1996 Expo, and so it can provide especially useful experiences for future world exhibitions.

* State Secretary's View

93CH0718B Budapest UJ MAGYARORSZAG in Hungarian
12 Jun 93 p 4

[Unattributed report on speech given by Mrs. Etelka Pataky Barsi, state secretary in charge of Expo '96 preparations, to the Third National Economic Policy Conference of the Hungarian Democratic Forum; in Gyor, date not given: "Expo Could Become Economy's 'Success Car'; Preparations on Schedule"]

[Text] When the Chrysler automobile corporation got into difficulties and applied to the U.S. government for a huge loan, every single dollar paid to them was closely watched.

And when the strict economists spotted a huge item and asked what it was for, Iacocca, the "great magician" of automobile manufacturing replied, "The money is for the 'K'-model. This will be the model which will enable us to pay back our loans on time." The "K"-model indeed enabled Chrysler to be successful again. The Expo can turn out to be such a "success car" for the Hungarian economy, as we found out from the very effective speech which Mrs. Etelka Pataky Barsi, state secretary in charge of Expo-96 preparations, gave recently at the Third National Economic Policy Conference of the Hungarian Democratic Forum [MDF] in Győr. In the following, we give an overview of the speech.

When the International Bureau of Exhibitions (BIE) registered the Budapest Expo, we were exactly four years away from the 1996 opening. As a first step, the chief commissioner and her colleagues prepared a schedule, and this schedule has been adhered to exactly ever since. During the first year, the dream of a world exhibition had to be transformed into a concrete plan. It was a strenuous, thankless task, but it was accomplished. They endeavored to define the screenplay in such a way that when the "show" goes on in three years, it would not disappoint anyone. Subsequent utilization is one of the key issues of success, but this does not necessarily mean that every single building must be utilized subsequently. Take the example of Seville, where several buildings were left vacant after the world exhibition closed.

"Therefore, we decided," the commissioner stressed, "that we will use the infrastructure of the area for the universities." It was decided which buildings would still be useful in the next century, while the existence of the rest of the buildings is planned for five months. Thus, the money can do double duty: It can be utilized first for the purposes of the world exhibition, and then for the university. This demonstrates that they are budgeting well.

Another task for the first year was the establishment of frameworks and prerequisites, we heard in the report. This involves the development of the system of institutions, as well. Part of it is the World Exhibition Council, at the meetings of which representatives of the government and the city make decisions and submit recommendations concerning the subsequent steps. Another part of the system of institutions is the World Exhibition Program Bureau, which is responsible for implementing the decisions of the World Exhibition Council. The program bureau formed an economic corporation which has more freedom of movement in business than a government office. Moreover, they brought to life a World Exhibition Social Council, which comprises representatives of regional and professional local governments. Beyond the establishment of the framework for the world exhibition, it had to be determined within the first year where, in which area, the Expo would take place.

Appropriate Size

"The area comprises 44 hectares [ha]. It is exactly as large as it needs to be," the commissioner declared and

argued that in view of our geopolitical situation, the available time, and financial possibilities, this is what we can undertake. "In this area, on the Buda side [of the Danube], between the Petöfi bridge and the Lagymányos bridge, we can create an Expo which is able to bring us world renown."

For the purposes of financing, a list of construction projects had to be drawn up, as well. The list was completed in September of last year. Since then, it has been approved by the World Exhibition Council, the government, and in December, by the BIE. At 1990 prices, the exhibition will cost 54,5 billion forints [Ft], we heard; at 1990 prices, because this is the estimate contained in the law parliament passed with a 70-percent majority. At current prices, in dollars, all of this will cost approximately \$1 billion, including a considerable portion of the infrastructural development. About financing the \$1 billion, Mrs. Etelka Pataky Barsi said: "30 percent is met by the budget; for 25 percent, higher education bonds will be issued, and this amount will cover the construction of buildings to be subsequently utilized by the university. The Expo itself will bring an income of about 20 percent, in the form of tickets, sponsor fees, franchises, and licenses. The amount from real estate enterprises is estimated at 15 percent. The money from various kinds of privatization income will be approximately 5 percent, and another 5 percent can be expected from gambling. The traceability of these moneys is guaranteed by the law on the world exhibition fund, which parliament passed also with a 70 percent majority."

Help for Hungarian Entrepreneurs

"Construction has been going on since October," the state secretary announced with pleasure, "and one must know that the necessary demolition is also part of construction. It shows the magnitude of the task that 103 cubic meters [m³] worth of buildings were demolished and 10,000 m rails and 45,000 square meters [m²] of pavement were torn up; furthermore, 65,000 m³ of rubble was moved."

Since then, the invitation and evaluation of bids is under way. According to the terms of the invitation, bids can be submitted by Hungarian firms, or firms registered in Hungary. Firms which pay taxes here, and employ people here. Apparently up to now the contracts were won exclusively, or almost exclusively, by firms owned by foreigners, because they were able to obtain guarantees within days. In other words, in the future, domestic small and medium entrepreneurs must be given a chance. For this reason, the director of the World Exhibition Program Bureau invited representatives of the six largest Hungarian banks for a consultation. At the meeting they discussed what could be done to make sure that the appropriate guarantees were at the disposal of Hungarian entrepreneurs in reality, as well.

Concerning infrastructure, Mrs. Barsi also spoke about successes. The Lagymányos bridge, which will cost Ft14

billion, is under construction; the M0 expressway, for Ft9.6 billion, is being built, and negotiations are underway about the reconstruction of the Csepel suburban railway line which will cost Ft3 billion. In addition, the construction and renovation of streetcar lines will also take place.

The loan agreement will hopefully be concluded by June, and as a result, the replacement of buses and streetcars in Budapest will become possible. For this, and also for the Ft17 billion renovation of the millennial underground, the decisions have essentially been made. More than that is impossible to realize in four years. "Let us be happy with the results," the state secretary said.

The task of the public sector is to guarantee stable conditions for infrastructure and entrepreneurship. The chief commissioner gave the following example: A considerable portion of income stems from real estate. For this reason, the 18 ha on the Pest side was "cleared" on a tight schedule. The train station was demolished, while negotiations with more than 110 firms were under way, 99 legal contracts were concluded, and 44 apartments from the area were relocated.

The 18 ha is completely empty, and ownership relations are clear. Construction will begin on the basis of the 70 bids invited to supply the area with public services. Thus, legally the area is clear, and the rules of construction which were also approved by the city are straightforward. From an environmental point of view, too, the area "passed the test." Studies by the most distinguished U.S. marketing firms guarantee that it is profitable to build here. Fourteen firms put in a bid following the international invitation, even though the real estate market in the world has been slow for a long time. If three or four houses are built out of these 14 bids, it will be a huge success. Because then something will have begun on the banks of the Danube.

Reliable Partners

Next comes capital. And it is coming, because the preparation is good and the partner—i.e., Hungary—is stable. And they are also sure that capital of Hungarian

small investors will also stir. Projects are already being prepared. Of course, the construction of an Expo also involves an internal network of communication and computers, the pavilions, catering, a system of restaurants, a multitude of various services in connection with the operation, and innumerable other things which will all be enterprises which require capital, and not applications for the money of the Hungarian state.

Incidentally, this will be the first world exhibition to take place not only in the capital, but in the entire country. The chief commissioner of the world exhibition believes that the parallel programs will also be successful. To the first invitation, 253 bids were sent in, 222 of which were accepted by the experts. The committee asked the advisors to develop appropriate financial and marketing studies for the bids.

Out of the 222, only 27 complex studies have been completed. Of these, only three are of such quality that they are acceptable in every respect. This means that entrepreneurs who would like to take part in the parallel programs in the countryside in the year of the Expo are not in a position to prepare the supplementary studies in a satisfactory manner. They need a lot of help to do so. But there is still time, because there will be four more occasions to submit bids for these programs.

The tourism plan under preparation is going to be developed in accordance with the programs in the countryside. Package tours are being developed in which the offers of travel agencies will contain only one day for the Expo, and the main emphasis will be on becoming acquainted with a region and the presentation of programs in the countryside.

Concerning the participants, the state secretary reported that 184 countries were invited, and they count on the participation of approximately 40-45 countries. Many countries are especially interested in the theme pavilions. Expo organizers going on foreign visits are taking a few marketing films with them which—in five minutes each—show the changes which occurred in Hungary since the first free elections. The films also show that those who are fighting for the Expo's success are not building castles in the air.

*** Krzaklewski on Trade Union Demands, Role**

93EP0316A Warsaw ZYCIE GOSPODARCHE in
Polish No 25, 20 Jun 93 pp 1, 6

[Interview with Marian Krzaklewski, chairman of the National Commission of NSZZ Solidarity, by Irena Dryll; place and date not given: "Strike or Consensus?"]

[Text] [Dryll] The three-hour meeting between President Lech Walesa and a delegation of NSZZ [Independent Self-Governing Trade Union] Solidarity officials, which you chaired, led to the appointment of a union-presidential team. But the specter of a general strike continues to threaten. Why?

[Krzaklewski] I hope the meeting has removed us from the conflict situation and, thereby, from the decision to hold a general strike, but more about that in a moment. We presented the president with a diagnosis of the present situation in Poland, the way we see it. Against that background, we classified (if we may put it that way) the most important problems to be solved, not only to prevent a strike but also to usher in social calm before and during the electoral campaign.

Let me say first, in general, that our plan is to eliminate or at least ameliorate those situations in which social conflicts are created. I have in mind here, above all, the very difficult material situation of many employees and many citizens in our country, of all those who have found themselves below the threshold of social subsistence because of their low level of earnings, growing unemployment and group layoffs, and the limited scope of social aid. Real wages in the first months of 1993 declined significantly. At the same time, the prices of the providers of energy, food, services, medicines, and the like have increased.

All of this has mounted up so that employee families and the families of pensioners and annuitants find themselves in a very difficult, often tragic, situation. A sort of bomb with a shorter and shorter fuse has been created. The budget is a case in point. It has been and is a matter not only of wages and the living standard of several million families tied in with this budget, but also of facilitating the functioning of education, the health service, and culture at a level that makes it possible for those fields to render the basic services issuing from the state's duties.

To some extent, the strikes and the protests occasioned the creation or the reviving in the budget of conflicts and tensions in those fields in which agreements signed earlier with the union were not implemented. The arms industry, Walbrzych or Lodz, are examples of that. Unfortunately, as a result of a decision, which I take to have been a political one of the government, we did not reach a consensus, although many times we we approached one. After many unsuccessful negotiation campaigns, we had to choose either a general strike and, as a consequence, the possibility that the man on the street would become vocal (but I do not know whether

we were in a position to completely control the situation) or the parliamentary route and a motion for a no-confidence vote in the government. That method seemed to be the least costly for Poland and the union.

[Dryll] But, as a result, the government survived while parliament fell.

[Krzaklewski] I am more and more firmly convinced that, through our legally compliant actions, we have possibly (inasmuch as that is not yet a closed issue) spared the country both a general strike and earlier elections forced by the public. The tensions of which I spoke would make themselves known very clearly over two or three months. That would most likely lead to disbanding parliament. We got the jump on the situation.

[Dryll] But the political shock, which we shall leave to history to assess, did not eliminate the sources of the conflict situations of which you spoke. You presented the president with the same demands that were previously rejected by the government as well as several new ones. "Resolving those issues is a necessary condition for stabilizing the situation in our country," announces a communique from the President's Press Office. Issues of energy and fuel price increases, the effects of the VAT [value-added tax], the needs of the budgetary sphere, and other issues with the same specific gravity hold a special place within the catalog of issues discussed. They are issues, in my opinion, for the government and not for the president.

[Krzaklewski] The president, who did not accept the resignation of the government, became for us unionists a sort of superpremier. Our idea about his special role was borne out in terms of his impact on the government. We are happy that the proposal made by Solidarity a few weeks ago in negotiations, presented to the government and promptly rejected by the government—the securing of imported cigarettes and alcohol with an excise band and the designation of additional income from that source for the needs of the budgetary sphere (among others) and for housing subsidies—now has a chance because the president approached the finance minister. Had the union's proposal been taken seriously earlier, a consensus might have been reached. That solution was and is necessary not for the government and not for Solidarity, but for all of us.

Let me give an example from personal experience: Never have so many people sought help from me. Mr. Chairman, what am I supposed to do? they ask. I want to be an honest citizen, to pay my rent and my light bill, but I do not have the resources. And they show a list of what they pay out or a receipt that shows the amount of their pension. That is also an indicator of the present situation. Housing payments are increasing and social welfare does not have the funds for housing subsidies. Thus, the union-government team with the participation of the

president's representative should have access to specifying current revenues with the use of the above-mentioned operation and should watch that the additional funding obtained reaches the proper address or addresses. The most important one is the budget, the problems of which, with regard to both wages and material outlays, must be resolved. We will not back off on that matter.

We also believe that at the present, critical moment there must be a suspension or an outright blocking of another increase in the price of energy and fuel. Our team of experts is preparing a simulation of that probable undertaking. It may turn out to be anti-inflationary and, in terms of the balance, favorable for the budget. There will not be any additional revenues, but, to view it from the other side, production costs, which are already very high, will not increase. That will have a favorable impact on production volume and enterprise profitability. Demand may also increase because the family budget will be less burdened.

We will also stand firm on the creation of the possibility for compensating the negative effects of introducing the VAT. The situation is unpredictable; thus, we cannot rule out the possibility that they will be a destabilizing influence and will fuel social dissatisfaction caused by a sudden increase in prices. Thus, we must guard against that circumstance. The initial security would be the already mentioned freezing of energy and fuel increases.

We also noted the possibility of using the 5 January 1993 agreement between the union and the government regarding compensating for the increase in living costs. That agreement proclaims that, during particular periods in which the ratio between wages and prices is irregular, the coefficients of sums free from the *popiwek* (tax on above-the-plan growth of wages) must take into consideration the increase in prices caused by such a tax as the VAT. If prices rise (and they will), including food prices, the above-mentioned coefficients should completely compensate for that increase. Obviously, that primarily affects enterprises that have the funds for wages with only the *popiwek* holding them back. For others, other solutions would be necessary.

The president said that, after the union presents solutions on the preceding specific issues and discusses them in bilateral and trilateral teams (union-government, union-government-president's representative), he is ready to support what is feasible under present circumstances.

The next issues encompass the entire complex of unemployment issues, the preparation of a social safety net, and the implementation of agreements finalized to date, including those that concern endangered regions such as Walbrzych and Lodz. The union, responding to the president's appeal, will also give special attention to cases of the pathology of the privatization process.

[Dryll] Here the list of issues in conjunction with the no-confidence vote is, I believe, proof that the union

withdrew its permission or, to put it another way, questioned the course to date of the transformation process. Can recent events delay that process or hasten it?

[Krzaklewski] That depends on the further development of the situation. From the very beginning—that is, since 1980—we have believed in the Solidarity union, and we have tried to implement the following principle: In the process of reform and the transformation of the system, basic employee and social rights must be ensured. Without that, the process will not come to fruition. In Western countries, that issue is spoken of as the so-called social dimension of transformation. It is perceived and valued (a miracle!) in both the IMF and the World Bank. In Poland, that social dimension has not become an obligatory principle operating as one of the guarantees of the implementation of the reform. On the other hand, it has become something very uncomfortable for subsequent teams, a plane of confrontation with society. And that must change because it is that which delays the transformation process.

The law on forming group structures, the law defining the representation of the union was "moved on" two years too late, although Solidarity announced the related legislative initiative two years ago. What was found in the state-owned enterprise pact is primarily the result of our system negotiations with previous governments. In recent months, in particular, we have become convinced that a regulation is one thing and life another. There have been regulations, there have been laws, there have been agreements, but they were not and are not implemented. Thus, we have said, well, fine, there will be laws that emanate from the state-owned enterprise pact, and, if politicians do not wish to honor them, they will have other plans and, directed by immediate party interests, will say that the rights of the union will have to be curtailed and... Will the pact remain on the shelf?

[Dryll] The liberals and the conservatives hold that it is you who forced them into antiunion laws, that you manifested a specific attitude to the government, your recent partner in negotiations on the pact. The restriction of union rights contained in the drafts prepared by the liberals and the conservatives have led to a sharp protest by the largest union organizations in the world.

[Krzaklewski] That occurred as a result of my address in the forum of the Committee on Human Rights and Union Rights. I spoke there of the dangers to union freedoms that are cropping up. A strange situation has occurred. The neoliberal and socioliberal politicians in our government, those who represent the most open front to Europe and represent Poland to Europe, want to question those solutions that are obvious in Europe. That includes specific regulations from the sphere of union rights, collective agreements, trilateral agreements, bilateral relations, and socioeconomic councils—that is, that which helps to build up the market-consultation community. The claim by our "Europeanists" that the rights of the unions in Poland

are too extensive is sheer demagoguery. In reality, in Poland the basic right of the sides in the social pact to come to an understanding still does not function, and we already want to question that right. That route can only lead to a very insecure system of oligarchic governments that would be a threat to the process of transformation. Certainly it does not lead to Europe.

[Dryll] What you said earlier leads to the conclusion that the unions must defend fields they have not yet entered solidly to strive for the creation of important system mechanisms from the viewpoint of employee social rights. With regard to that, how do you assess the charge that the unions are entering politics?

[Krzaklewski] They are entering because the politicians are too weak, political parties are too weak and undecipherable and restrict themselves to small groups of people with the same ideas. If they were strong and had programs that resulted from their competition for power, programs that would be held in esteem by the electorate and were conducted effectively, then certainly we could be (and not merely wish to be) a 100-percent union. Most matters would be resolved by the plant and branch collective structures, and the employers' unions would be our most important partner. But things are as they are: The union is prepared for that partnership, but, to tell the truth, we do not have a true employer on the other side—in both the structural sense and the material or legal sense.

[Dryll] Thus, most disagreements still are taken to the government to be resolved, and Minister Kuron turns out to be the major employer. On the other hand, NSZZ Solidarity, which is up to its ears in politics, has of late been seeking its own union identity, and it is exchanging the "umbrella politics" held out over the successive governments for the umbrella of the Belweder. So say the malicious.

We dream of a situation in which we would be unburdened of the role of "the union of the proreform press," the union that, in the balance of political powers, is so essential that, without battling for power, it must occupy and does occupy an essential place on the political scene.

[Dryll] The whole time we are speaking of the union as a monolith. Meanwhile, there are various "Solidarities": There is the Solidarity of Krzaklewski and the "nationals," of Borusewicz and Arkuszewski, of Jankowski, the "Network," and "Ursus." Among many others, an important differentiating or integrating element is claims and their scope. In your opinion, can unions, whose position is generally one of claiming rights (because that is their beauty), create some sort of future economic program that ensures conflictless development?

[Krzaklewski] Let me be open: Our claims are "claims over solutions" in the system, those solutions that build a new legal system or a system of antirecessionary actions. Thus, they are claims over building in Poland a

stable socioeconomic system. We struck to clear enterprise debts, we struck for a specific shape for reform in mining and the health service, we struck over restructuring Walbrzych and the industry in Lodz. Each of those "claims" is fundamentally, or could be, a fragment of an economic program. But the union is not supposed to be concerned about programs. However, it can impact the degree of conflict that ensues in development. Its function calls to mind the function of an impulse regulator in a complex system. The structure of impulse regulation is very effective: If the regulator notes destabilization in the system, it calls it as if to order with the aid of a slight destabilizing impulse that restores overall stabilization.

[Dryll] The comparison is apt, but you, as an information specialist, certainly would not call a general strike a "slight destabilizing impulse." It is, rather, a shock. Can that shock be avoided successfully?

[Krzaklewski] All of that will depend on the results of meeting with the president, on the openness of the government and the efforts of working groups. While our demands may be considered feasible, they require partly political decisions and partly organizational decisions. I have in mind a certain regrouping of funds within the budget framework. More than once the Ministry of Finance embarked on such measures in the course of implementing the budget law. The matter will be decided before the Solidarity convention or at it (on 26-27 of this month).

[Dryll] The battle has truly ended, and now it is time to work, said the president. But that sounded a little like Gomułka's appeal that led to the 1956 politicization of the masses, bringing them in on the ground floor: Enough strikes; let's get to work. Are the masses spoken of today—the working world—listening, in your opinion?

[Krzaklewski] Despite appearances, the people of Solidarity are not that anxious to strike. It is difficult, really difficult to strike today for many reasons—both financial and mental. But I suggest we not get ahead of the facts.

[Dryll] Thank you for the interview.

*** Adverse Balance of Trade With Russia Noted**

93EP0314C Warsaw GAZETA BANKOWA in Polish
No 26, 25 Jun 93 p 1, 17

[Article by Iwona Rynkiewicz: "Thoughtlessly: Negative Balance in Trade With Russia; Return to Payments in National Currency?"]

[Text] This year's trade between Poland and Russia is embarrassingly low. According to data of the National Bank of Poland, the only data available, in the first four months, the value of our export to that country was \$180 million and import \$225 million. The year 1992 was the second one in which market mechanisms operated in our

trade relations. Mutual payments were made in hard currency, which does not prevent some of the transactions to be carried out on a compensation or barter base. The value of export to Russia in that year was \$30 million and import \$49 million. In the past year, barter made up approximately 20 percent of Polish export and 10 percent of import.

Will We Be Able To Take a Bite of That Market?

It developed that both Poland and Russia are countries somewhat too poor to bear the burden of mutual exchange on market principles. Despite the lack of reliable data, we may assume that trade during the past year (\$1.9 billion) was at the same level as the year before. Neither of the partners can find a recipe for recovering mutual trade from the slump.

As is known, Russia's needs are gigantic, but, despite that, we note a trade deficit with that country (in 1992, - \$0.64 billion). We are losing against suppliers who are farther away and frequently more expensive. The cause: Polish partners are not in a position to propose payment conditions favorable to the Russians, either in the form of time payments or business credit. They want payment immediately and, if not in dollars, then in attractive (read: easily sold in Poland or abroad) goods.

That is the result not only of the financial weakness of Polish suppliers, because quite prosperous companies are engaged in trade with the West, but also because of the common fear that Russia will not be able to pay the money owed. Because there is no system in Poland to support export, companies trading with Russia are thrown on their own resources.

Therefore, they come to the competition having as their most important attributes a good knowledge of that market, relatively low transport costs, habits of the buyers, and lowest prices.

With the Russian partner's general lack of hard currency, there is nothing surprising about our export "achievements."

That is too bad because, for us, the materials structure of that export is advantageous—manufactured goods are dominant. During the past year, agricultural food products made up 34 percent of the value, electromachinery products 27 percent, chemicals 15 percent, raw materials 11 percent, and light-industry products 5 percent.

Like the Weak With the Weak

In turn, petroleum and natural gas make up 80 percent of import. Trade agreements and exchange letters signed every year guarantee Poland supplies of those strategic materials. During the first half of this year, we will export food products to Russia in exchange for natural gas. Exchange trade of that kind also meets with difficulties due to a lack of potential for crediting earlier supplies of food and the insolvency of the Polish Petroleum and Gas Mining enterprise. That enterprise is the only importer of natural gas from Russia and is behind in payments of several tens of millions of dollars for that raw material.

For more than two years, trade with the countries of the former USSR has been poorly regarded. Chambers and associations of companies with interests in the East are organized, and government delegations exchange visits every once in a while, but nothing comes of it. Recently, a proposal was made that mutual payments between Poland and Russia be made in national currencies. The Ministry of Finances is conducting discussions with the Russians on that subject, but there is much doubt. The main question mark is the comparability of such payments, considering the galloping inflation of the ruble in Russia. It is difficult, therefore, to see if the working conception will see the light of day as a means of trade between Poland and Russia.

At this point, we must wait for an improvement in our economic situation and that of our partners, while building trade bridges and establishing joint-venture companies and trying in other ways to survive. The only concept for normal trade is selling and buying goods for money according to the needs of the partners, but, as long as both sides are lacking in money, mutual trade will remain crippled.

*** Meciar's Problems Outlined, Analyzed**

93CH0772A Warsaw GAZETA WYBORCZA in Polish
2 Jul 93 p 9

[Article by Andrzej Jagodzinski: "Sweet Circumstances Following the Breakup"]

[Text] Now that six months has passed since the Czechoslovak split, there is no longer any euphoria in Bratislava. The government is confronting grave economic problems, and unemployment is rising, while the country's foreign trade currency is declining, and the society is showing its increasing dissatisfaction.

The governing Slovak Movement for a Democratic Slovakia (HZDS) of Prime Minister Vladimir Meciar is still entangled in internal disputes, which have reduced his parliamentary power and are making it more and more unlikely that any long-term prospects exist for parliamentary elections to be held ahead of schedule.

Recent public polls show that more than half of all Slovaks consider the Czechoslovak split to have been a mistake, while one-third of those polled hold the opposite opinion. As many as 80 percent consider the split to have been too hasty and ill-prepared, and 18 percent think the Slovak Republic was well prepared for independence. If it were possible today to move time back and have a referendum, most of society would come out against the split.

There was no referendum, however, and there will not be any. Everyone is aware that they "have to swallow that frog," but that awareness by no means eases the post-breakup hangover, which every now and then involves hiccups. Jan Csarnogursky, the former prime minister and leader of the Christian Democratic Movement (KDH), at present the opposition party, claims that the HZDS is waging a policy different from that conducted before the elections.

"The Slovaks voted in the elections for change, and there certainly has been change, but it has been for the worse. Instead of the promised active policy of employment, we have a constant rise in unemployment," Csarnogursky says. Bela Bugar, head of the Christian Democratic faction of the Hungarian minority, the MKDH [Hungarian Christian Democratic Movement], does not believe that citizens were ready for independence or that they really knew "what it meant." He does not think that the consequences of that "experiment" are defined yet or that its instigators even know how it will end.

Prime Minister Meciar, who promised society before the elections that prosperity would come quickly, keeps trying to keep face, but even he has come down some. During a radio appearance three months ago, he admitted that the country was facing serious problems, but he said they "could not be discussed right out in the open" because that would mean "laying ourselves open to forces preparing to focus an attack on our government."

The pursuit of the Slovak Republic's external and internal foes, who are responsible for most failures, is part of Meciar's continual repertoire. Those foes are sometimes "Czechoslovakists," and at other times they are Hungarians, journalists, or intellectuals. Prague has often been one such foe, but it became more and more difficult to blame Prague, once the federation broke up.

Although always clever and therefore dangerous because they are repeated so often, such explanations fortunately become devalued. Public opinion polls show that only 10 percent of society believes there is any anti-Slovak plot, and as many as 78 percent considers the causes of the difficulties to be the incompetence of the team in power and the failures of the prime minister's working style.

The prime minister, however, thinks "the Slovak Republic has never had a government as efficient and effective." His self-satisfaction is not even disturbed by the fact that, during the past six months, he has already removed four ministers. One need not be a clairvoyant to see that that will not be the end of it. What is more, regardless of the motives or the reasons underlying them, most of those changes created significant "bloodletting" within the reigning HZDS.

The dismissal of Ludovit Csernak, minister of the economy and head of the Slovak National Party (SNS), caused a quiet parliamentary coalition of two groups to collapse and the government to lose its majority for the first time.

The removal of Milan Kniazko as foreign affairs minister was still more serious and not only led to his public war with Meciar and the humiliating washing of dirty linen in public but also became the reason for Kniazko's joining the HZDS. In addition, the former minister was followed by seven other deputies from that movement, who jointly created the Democratic Alliance, thereby increasing the ranks of the opposition.

As a result of those shuffles, the HZDS has decidedly lost its majority in the 150-member parliament. Instead of 74 deputies, it now has only 66, a fact that in the long run will make it impossible for it to govern effectively. That situation opens up three possibilities to the Slovaks: to create a broad coalition of many parties, to create a coalition of a governing movement from a single group, or to call for parliamentary elections ahead of time.

The first option is possible only on paper because it is difficult to imagine how the still triumphant HZDS could work as a partner to cooperate with minor parties that "had lost." Still less justified is the expectation of any such talents on the part of Prime Minister Meciar. His personal disdain for most of the politicians in the opposition has become absolutely proverbial.

In addition, the Slovak prime minister is not in a position to put up with any potential competitors, even from within his own party, and his conflict with Kniazko and several other HZDS politicians has been largely on personal grounds.

The recent congress of the group in power therefore made the decision to begin coalition talks with the postcommunist Party of Liberal Democrats (SLD) or the Slovak National Party (SNS). The first of those groups is not interested in such cooperation, however. Peter Weiss, the dynamic SLD leader, is well aware that time is working in his favor. Polls are showing a constant rise in the party's popularity, and, although it could still lose with the HZDS today, the worse the economic and political situation gets, the better the party's chances are.

The SLD has been skillful in breaking with its communist past. The SLD will undoubtedly soon be taken into the Socialist International, and many young, capable politicians have developed its image as a modern party with great intellectual potential. It is therefore logical that the group's interest is best served not through "compromising itself" by entering into close cooperation with the HZDS but only through granting the group in power enough support to avoid the necessity of calling for elections immediately.

The SNS is undergoing a serious identity crisis because the chief point of its platform, independence for Slovakia, rather unexpectedly has already become a fait accompli. Thus, differences in voting are beginning to appear now that the single goal that used to unite various SNS members has evaporated. One of the wings of the party wants to transform the party into a center-right, pro-market, pro-reform group supporting private enterprise, while another wants to use populist-left rhetoric.

One expression of the lack of internal cohesiveness of the SNS is the fact that it is simultaneously conducting talks on increased cooperation with both the ruling HZDS and the opposition parties. But even if an official coalition between the HZDS and the SNS were to be created, it would still have trouble winning even a bare simple majority of votes in parliament. Furthermore, continued erosion of both of those groups also seems rather likely.

There is a stalemate, especially since, according to Prime Minister Meciar, nothing links the Slovak opposition "except a dislike for Meciar." Therefore, although it is theoretically strong enough to bring down the government, it would be unable to form a new government on its own because it is difficult to imagine how, within one cabinet, the Slovak nationalists could coexist with the representatives of the Hungarian minority, or the members of the Christian Democrats could serve alongside the postcommunists.

In that situation, it seems inevitable that parliamentary elections will be called ahead of schedule, although they surely will not be held this year. Of course, it is difficult today to say just who the winners would be, but the elections will certainly bolster the position of the Christian Democrats and very greatly that of the postcommunist SLD. Meciar realizes that fact because, at the beginning of June, during a meeting in Banská Bystrica, he warned against an SLD election victory, which, in his opinion, would lead to a suspension of Western credit for

the Slovak Republic. That did not sound too convincing, coming as it did from the head of a group that itself is having problems with international recognition. It comes as no surprise that Weiss thanked the prime minister for the unexpected publicity.

"During the next two years, the HZDS will try to build foundations for society that will be neither socialist nor capitalist because neither of those two models has worked," the Slovak prime minister said recently in an interview for the daily paper NARODNA OBRODA.

During the meeting in Bratislava, he added that his country is getting away from the "Klaus" model of economic reform. "The way the economic reform in Czechoslovakia was handled, all of the adverse aspects occurred in the Slovak Republic, and we have been unable to rise above them to this very day."

It would seem unlikely that the Slovak Republic could find some "third way" out of the grave economic problems. After the sudden drop in foreign-exchange reserves, the government ignored the advice of foreign experts and decided against devaluing the Slovak koruna.

The situation has gained some stability now, according to Ivan Miklos, former privatization minister: "One hundred million dollars of reserves means nothing compared to the Czech Republic's 2 billion." Furthermore, that situation was achieved partly by deferring foreign payments for three months. Despite the promise to introduce anti-import border charges within a few days to improve the country's balance of payments, independent experts still see the need to devalue the Slovak koruna, and some state that that could still happen this summer.

Meciar himself admits that, by the end of the year, a further decline in national income of 3 to 6 percent is expected—the present decline amounts to between 30 and 40 percent, compared to 60 percent in 1989—but then there is to be some improvement, and, within six to eight years, income should be increased at a rate of 6 percent per annum. Opposition economists are afraid, however, that those are merely pious hopes.

Unemployment is a great social problem. It is already running at more than 12-13 percent and is even 20 percent in some regions. In addition, the enterprise bankruptcy law is only now going into effect, and experts are warning that there could be a further monumental rise in unemployment. Deputy Prime Minister Roman Kovac believes that social calm will be maintained but, at the same time, says that according to analyses by Slovak entrepreneurs in this country, there is still 30-percent overemployment, which means that another 800,000 people can soon find themselves without a job, and that is in a country of 5 million!

Meciar's antireform statements, which are often toned down later, nonetheless create great misgivings in the financial world, a fact that undermines the Slovak

Republic's credibility in Western eyes and has a concrete impact in terms of economic assistance. Back in May, Deputy Prime Minister Kovac was counting on \$500 million worth of credit from the International Monetary Fund and the World Bank, but in June it turned out that there would be only 90 million for the time being, with another 90 million perhaps coming at the end of the year, provided the Slovak Republic ran a budget deficit of no more than 5 percent. That would mean a deficit of 12-13 billion Slovak korunas, but it is already running way beyond 10 billion.

The more social and political problems that remain to be solved, the more severely the officials criticize the media. They accuse the press and even the state-run radio and television of being anti-Slovak, although the mass media's criticism has been aimed not directly at the team in power per se but only at the government's concrete errors.

During the May congress of the Slovak intelligentsia, Minister of Culture Dusan Slobodnik complained that, because of the laws in force, he could not "put radio and television in order. We cannot find a clean way to do that so that they can finally become Slovak mass media," he said. Many other speakers called for the adoption of a law to limit the transmission of "anti-Slovak" programs and gave the example of television appearances by Milan Markovic, the most popular Slovak satirist, and the work of the Hungarian section of Slovak radio.

Milan Markovic is "anti-Slovak" because he makes merciless parodies of the prime minister and pokes fun at his numerous "goofs," and, besides that, as Vladimir Meciar recently stated, "Television management pays him well for it."

"We are going to have to take a radical approach here," the prime minister said to calm the people attending the meeting in Banska Bystrica. We must admit that the ruling team surely suffers no shortage in that respect. After they put their own people into leadership positions in the state agency for press, radio, and television, it was possible to get rid of SMENA, the opposition newspaper that enjoyed the greatest readership.

SLOVENSKE POHLADY, a cultural and literary monthly, was also recently driven to collapse. That publication had been appearing for more than 100 years, and in and of itself it represented the history of the struggle for Slovak national identity. The main accusation against it, of course, was that it was "anti-Slovak."

On the other hand, in a recent series of articles, REPUBLIKA, the government daily published by the state press agency, tried to rehabilitate General Alois Lorenc, head of the communist security service, who, back during the period of the federation, was sentenced to four years in prison for abuse of power, and to present him as a man who had fought "for the Slovak cause."

People in Bratislava are saying that, in just a little over a year, following the elections, authority in Slovakia is lying on the street again just waiting to be picked up, but, for the moment, no one is anxious to pick it up.

The word "street" also appears in another, more dangerous context: in the prediction that people disappointed over broken promises may lose patience and take to the streets. For the moment, there is social calm, but the peace is a very fragile one, as can be seen by repeated demonstrations by health service employees, teachers, and private entrepreneurs. What will a prime minister whose popularity is waning have to offer them?

Federal

Zenta's Ethnic Hungarian Mayor on Political Scene

93CH0798A Novi Sad MAGYAR SZO in Hungarian
23 Jun 93 p 2

[Interview with Gabor Toth Horti, mayor of Zenta, by unidentified reporter; place and date not given: "There Are Also Renegade Hungarians"—reprinted from REGGELI DELVILAG]

[Text] Words never stopped pouring from the lips of the mayor of Zenta at city hall as he sat around the table with representatives from his town's sister city, Vasarhely. Later, surrounded by his newly-elected fellow city leaders at a pub on the bank of the Tisza river, the active and temperamental Gabor Toth Horti, a man in his early forties, continued to defend his position. The city leaders used real examples to underscore their just arguments, including examples that will make anyone shudder.

Recently some dead bodies were smuggled into the Zenta barracks. It was alleged that they had been killed by Hungarian soldiers from Vojvodina. An investigation was launched to find the perpetrators. The entire post was turned upside down. What ensued was a horrible witch hunt.

"They could not accept the results of last May's elections," said the mayor, "so in December they called new elections, but again the will of the people prevailed. Having mustered 84 percent of the votes, the VMDK [Democratic Association of Hungarians in Vojvodina] thus became legitimate. But the Serbs refused to resign themselves to this outcome. While it is true that our local government is made up mostly of VMDK members—plus one Serbian socialist and two independents—the top posts of our more important institutions are all filled by Serbs. The police department, for example, does not have a single Hungarian officer among its ranks. They take advantage of every opportunity to make the lives of local Hungarians impossible."

[REGGELI DELVILAG] What political methods have they been using?

[Toth Horti] Those who voted for the VMDK at the elections—and as I said we had gotten 84 percent of the total vote—by doing so also cast their votes for autonomy in Vojvodina. The VMDK has an autonomous program that is viable in every respect and is mindful of different interests. This program has been dismissed as illegal and void. Let me ask you, was it to Serbia that Vojvodina was awarded at Trianon?

[REGGELI DELVILAG] It was awarded to Yugoslavia.

[Toth Horti] So now that Yugoslavia has fallen apart we must—or we should—reexamine the current situation. But we are also subjected to other types of political harassment.

[REGGELI DELVILAG] Such as?

[Toth Horti] Look, we Hungarians consider ourselves to be outsiders in this showdown among the Southern Slav peoples. This is their internal affair. Our main problem actually is not the Serbs themselves; it is those Hungarians, who in the old communist system had occupied various leadership positions and have now decided to get on the reform policy bandwagon. They are the ones being used to fragment the local Hungarian community. They also have an organization in Zenta. It is an old political trick designed to make our day to day existence difficult.

[REGGELI DELVILAG] What do you find to be the most difficult to bear?

[Toth Horti] Many of our men have been taken away to the battle fields. They do not care whether they are fifty years old, or only twenty or thirty, they are taking them all. They are dragging us into their senseless campaign of slaughter, which is none of our business. Occasionally Hungarians have even been forced to shoot at each other on the battle field. Isn't this terrible? This is perhaps the most tragic byproduct of their policies. But they also have a strategy for the expulsion of Hungarians.

[REGGELI DELVILAG] What is it?

[Toth Horti] Just take a look at our nurseries and kindergartens. They stand practically empty. Fewer and fewer children are being born. Young people are fleeing from here. Only the older ones are staying. In the long run there is even the danger that Vojvodina will be left without Hungarians. It is horrible even to think about.

[REGGELI DELVILAG] Are you receiving any support?

[Toth Horti] Practically none. Europe is incapable of comprehending what is going on here, because it is unable to understand the local mentality. A few months ago there were many who thought that Panic would solve everything. Well, Panic came in denying facts and making all kinds of promises, only to end up doing just the opposite. He spread false hopes left and right, but in the end everything stayed the same. Panic could not even manage a circus. And tell me, is the present leadership any different?

[REGGELI DELVILAG] That is a legitimate question, so let me ask you: In your opinion does Hungary's foreign policy support the interests of the Hungarian community in Vojvodina?

[Toth Horti] In words, perhaps. We have heard various statements of support. However, neither the MDF [Hungarian Democratic Forum], nor the SZDSZ [Alliance of Free Democrats] or the FIDESZ [Federation of Young Democrats] have taken a stand in support of Vojvodina's autonomy. In other words, Hungarian policy has been passive. From the West we have received strong commitments of support. Commitments, however, amount to little unless they are followed by action.

The mayor and the rest of the city leaders are right. I think we all understand their complaints and their despair. I looked around in Zenta. For now the complaints have not taken on any spectacular outward manifestations. The stores are well-stocked with food and clothing. The people are well dressed. Obviously they wear simple clothes; nobody is walking around in tuxedos and evening gowns. But there is also no sign of poverty. Even though wages here are astoundingly low. A professional makes 4,000 forints a month, others not even half that. My colleague at MAGYAR SZO has just recently, at the beginning of June, received his pay for March: it barely amounted to 4,000 forints. How do they make ends meet? In any way they can. From what I have gathered, I assume that besides their main jobs, they try to become involved in everything that may bring in some extra money. They have no other choice. They will do it as long as they can.

Blame for Gasoline Shortage Debated in Subotica
93CH0798B Novi Sad MAGYAR SZO in Hungarian
23 Jun 93 p 2

[Article by "a.": "Not Enough Gasoline for the Harvest; From the Extraordinary Session of the Subotica Parliamentary Delegation"]

[Text] Responding to the demand of the Subotica organization of the Serbian Radical Party [SRP], yesterday Mayor Jozsef Kasza called an extraordinary meeting of the local parliamentary delegation to discuss the situation of the impending harvest. The representatives were briefed by executive board president Imre Kern, who pointed out that the biggest problem was a shortage of fuel: of the 780,000 liters of fuel needed just to operate the combines and transport the harvested crop, only 15 to 20 percent had reached the village, and they still did not know when to expect the rest.

In the subsequent debate the representatives of the Serbian Socialist Party [SSP] and the SRP tried to put the blame on the local government, alleging that it had failed to fulfill its share of the tasks connected with the harvest, and that it was late in taking up the issue. Most of the speakers, however, made it clear that it was the federal government that had to bear full responsibility for the delay, as it was already a week into the harvest by the time it set the support price for wheat and prescribed the manner of payment, and it still has not supplied the necessary fuel to do the job. During the debate delegation vice president Stanka Kujundzic called it intolerable for the country's prime wheat producing region to have to face a bread and flour shortage (such as the one that has just occurred recently). Mayor Jozsef Kasza pledged that although by its mandate the parliamentary delegation had no authority in harvest-related matters, it would monitor the situation closely and help as much as possible. At the same time, he also cautioned local farmers to consider carefully whom they sell their wheat to so that the village would not be left without wheat.

Despite the fact that the village had no jurisdiction in agricultural matters, at yesterday's session the parliamentary delegation acknowledged that the residents of the village had a direct interest in all of this and moved to pass a resolution stating that the village stood ready to assist in the distribution of vouchers and—as soon as it arrived—fuel, that through the village fire protection committee it would monitor the harvest, and that the competent local agency would closely follow all agricultural activities. At the same time, they instructed the executive board to set up a committee for assessing the damage caused by the draught, and to demand that the Serbian government urgently provide the fuel needed to complete the harvest.

At the extraordinary session of the Subotica parliamentary delegation Zagorka Svoboda was relieved of her positions as vice president of the executive board and president of the board of directors of Subotica radio, and the president of the executive board, Imre Kern was appointed to fill the latter post.

Macedonia

Problems Encountered on Border With Albania
93BA1240A Skopje VECER in Macedonian
10-11 Jul 93 pp 4-5

[Article by Geroski: "Pirates are 'Sailing' on a Ship"]

[Text] *Last year black-marketeers and criminals reigned. Today minor illegals are the "fashion."*

'Imported' Albanian and a satellite antenna

A meadow not far from Spas, a village in the Debar area, is known by the people of Debar as "Kvantaski." Last year here a person could buy all he wanted, including bodies, i.e., women of "imported origin" (smuggled through the black-market from Albania). Those with wives and children could buy powdered milk. Those who were fed up with wives and children and powdered milk could buy Albanian brandy. In brief, everything could be found at "Kvantaski," inexpensively, although nobody was giving it away.

Today, this is a thing of the past. Last year will be well remembered by the locals, particularly by those "unfortunate" people who had to protect the once impassable Macedonian-Albanian border: the organized black marketeering groups, well developed channels, loyal accomplices on this side of the border, criminals at every step of the way, fear, uncertainty....

A Black-Marketeering 'Hit'

Experienced border personnel as well as ordinary mortals in Debar will tell you that last year the border was like a sieve. There was hardly a day when the city was not visited by several dozen illegals from Albania. Some had come for the black market, others to work illegally (as masons, waiters, musicians); others again, simply

intended to "help" the population of Debar and surrounding villages, to steal a kitchen range, a television set, a mattress, etc. A Macedonian officer, probably the oldest and most experienced border guard in the area (the man was robbed three times and is being constantly threatened; his name and the names of his associates, are not to be mentioned), remembered last year's Easter.

Some 100 Orthodox Christians from Albania (all of them registered) were allowed to cross the border near Blato, to go to church, pray, and visit with their own people. At the border, meanwhile, there were literally about 5,000 Albanian citizens. They threw rocks at the officer and his soldiers and at the police. The border guards and the police were somehow able to send the illegals back into Albanian territory that afternoon, and that same evening some 30,000 Albanian citizens were allowed to remain in Debar.

The same occurred on the occasion of last year's Bajram [Muslim holiday] not far from Dzepiste. The crossing was allowed not far from "Blato." However, about 2,000 people on the Albanian side decided to cross the border wherever they wanted. The seven or eight border officials were faced with having to cope with such a large number of people and, miraculously, were able to do so. The unpleasantness they encountered, was computed in terms of "service time."

Luckily, since the opening of the "Blato" border crossing, the situation has become more or less normal. Today the most frequent illegals crossing from Albania are minors who beg and steal. Nonetheless, black-marketeering remains king. Since the beginning of the year, the police have caught two black-marketeering groups and confiscated 1,750 kilograms of a black-marketeering "hit"—powder milk. Repeatedly, black-marketeers have been caught at the Blato area carrying cigarettes. Black-marketeering also includes meat, alcohol, and humanitarian aid articles and women, although less frequently than in the past.

A Woman for 500 Marks

In the case of this "most titillating" part of black-marketeering, we must point out that over the past six months 14 people in Debar have slept with Albanian women, and the number of those who would like to do so is quite high. However, most of the black-marketeering trips by young Albanian women do not end with a "marriage for life."

According to some statements, a woman now costs between 500 and 3,000 German marks. For the sake of comparison, a satellite antenna costs 500 marks. A few days later, after the black-marketed Albanian women have seen the "sights" of Debar, using well-developed connections and channels, they are taken to the Gostivar, Tetovo, Kicevo, and other "markets." Some of them eventually find the "men of their lives." Others will find new pimps who would make a great deal of money out of them. To make this even more troublesome, a high percentage of these girls take off for the "promised

land," without the knowledge of their parents. Sometimes the parents go after them in an effort to locate their crazy and frequently mislead daughters.

It was thus that a 50-year-old father from a village near Peskoleja, together with his two sons, set out to look for his daughter and their sister. They somehow found out that the girl was in a Tetovo village, on the Sara. When they went there they saw plenty: the 16-year-old daughter had become "happily" married to a 60-year-old man! They were able to take her back but they say that the number of those who lose track of their offspring forever is substantial.

By listening to such incredible yet true stories, one cannot fail to ask oneself how, in general, can this happen at all? Why is it possible to cross the border so easily and painlessly? Could the situation be changed? A few facts and a look at the challenging ship being "sailed" by black-marketeering groups through a gun-sight would make a number of things clear.

Tension After 'Strezimir'

To begin with, anyone who even most superficially has a concept of the meaning of border knows that a well-protected border is only the one guarded by both sides. The time is past when Albanian border guards would not let a bird fly from their side to other side, and when any attempt at illegal crossing was a risky adventure, most frequently without a happy outcome. Now it is a well-known fact that the Albanian border guards provide the black-marketeers with "logistic" and other support and protection and apparently engage in black-marketeering themselves.

Two Albanian officers crossed the border illegally and reached the village of Bomovo, on the Drim, with horses loaded with bags of powdered milk. They crossed the river and ran into one of our patrols. The border guards shouted "halt," but one of the black-marketeers pulled out a pistol and opened fire. The soldiers returned the fire, after which the Albanians fled. In their panic, they dropped the bags with the powdered milk. However, incidents do not always end with such a "milky" happy end. Last August, a group of Albanians were digging out roots (Lincura), above Banjiste, deep inside Macedonian territory. The border guards tried to push them back into Albania but one of the pickers started "arguing" with them (with a scythe sharpener). The man was shot down in self-defense. It is now being said that his family is threatening revenge.

Still, it could be said that despite such incidents that sometimes end tragically, and while observing the strict regulations that apply to anyone in the border strip, our border guards are doing everything possible to avoid the worst—pulling the trigger. This was confirmed by border guards at Spas and the patrols above Banjiste. Unfortunately, it was precisely in cases such as "Strezimir" that sometimes the worst cannot be avoided.

The Forgotten Child

The attitude of tolerance can be illustrated by an event that occurred in the area of the Spas patrol. About 100 men, women, and children from Albania entered our territory and got to work—mowing grass and letting their cattle graze. This is an ordinary event, and it is ordinary for the people, noticing our patrol, simply to go back to their territory. This time, however, our border guards surprised the mowers when they were some 30 meters away from them. It was only then that the Albanians realized what was happening and started fleeing in panic. They abandoned the goods but also left behind a baby no more than seven or eight months old. Our border guards picked up the baby, carried it to the border line and left it there for the mother to pick it up.

Endless stories are being told. Some of them are worth noting. However, something else should be noted as well. It is that in this beautiful area, intoxicating with the smell of chestnuts in bloom, this small Macedonian Makondo, anyone would truly want to commit a murder. Is this fate, we ask ourselves, that this daily border drama should have as its actors young boys who have come here to fulfill their duty to the land, while people eager for quick and easy money (certainly most of them were not born black-marketeers or criminals but were simply poor, and their poverty drove them to it), and to include the baby of the story we told?

No, such is not the case. It is a fact that with the opening of the Blato border crossing point, the situation drastically improved. This proves that politics and diplomacy have still not had their final word say about that repeatedly pierced border. The lesson to be learned at Korab is clear and precise: politicians and diplomats should do everything they can to plug the "openings" in Korab. We would like for this to happen as soon as possible in order to avoid yet another incident. It is not sufficient that the "black notebook" on our side remain blank. God willing, may it remain so.

[Box, p 4]

Facts and Figures

According to Debar police information, during the past six months, the border has been illegally crossed by 1,300 Albanian citizens. Last year, in the same period, the number was even higher, 2,720. Legally, with passports, during the same period this year, 988 Albanian citizens visited Debar, three times the number compared to the same period last year. Because of the black market, crime, and so forth, 43 Albanian citizens were returned to Albanian and forbidden to enter Macedonia for six months. Currently, only 14 Albanians are legally working as "guest workers" in Debar.

[Box, p 5]

Problems Around Strezimir

The Strezimir case has been described and all details are known. It is clear that Albanian officers were shot on

Macedonian territory. It is obvious that the border guards had to open fire in self-defense. Still, questions remain. The minister of defense publicly said that it was a mistake for the border guards to leave the site of the incident and leave the dead behind. The border guards in Debar are unwilling to speak of the incident. Normally, the last word will be that of the investigation.

Still, let us try to clear up a few things. First, there is no question that an error was made, for the regulation is clear: in such cases, the patrol must remain at the site of the incident. However, let us ask ourselves: What would any normal person do in the situation in which the border guards found themselves?

What happened, happened. The patrol had to report the incident. It did not carry a radio (the radio was being repaired in Skopje). Even if it had a radio, according to people who know the situation, it would have been useless, for the terrain is such that it could not maintain radio contact. The patrol was several hours of walk away from the post. It expected that the Albanian side would come to the aid of the casualties. Which is precisely what happened.

The boys had to consider the following: What if it comes to a close encounter, to an exchange of fire? Should the wounded be carried away and would he be able to survive several hours of trekking? How could aid arrive by helicopter, when there is no helicopter? In that a case, what were they to do, these boys, could this be construed as an error? Or, to put it differently, as their error?

* Head of Council of Europe on Country

93BA1228B Skopje NOVA MAKEDONIJA in
Macedonian 30 Jun 93 p 2

[Interview with Catherine Lalumiere, secretary general of the Council of Europe, by Slobodanka Jovanovska, NOVA MAKEDONIJA special correspondent, in Strasbourg on 29 June: "Respect for Human Rights Is the Future of Europe"]

[Text] *According to Lalumiere, the request of Macedonia for full membership is an important gesture. It expresses a desire to be part of this organization but also a request that its own principles be respected. Participation of the Council in the Macedonian census.*

After her talks with Stojan Andov, the chairman of the Assembly, Mrs. Catherine Lalumiere, the secretary general of the Council of Europe, granted an interview to the Macedonian newsmen in which she discussed the activities of the Council, as well as the ways and means of granting full membership to Macedonia.

"Ever since the Council of Europe was established, its mission has been to consolidate democracy or, more specifically, multiparty democracy, and to promote respect for human rights and minorities. All of this is included in the Convention on Human Rights, which is based on a court of honor. However, we would like to see

these principles adapted to countries in Central and Eastern Europe, particularly in the postcommunist countries where, so far, they were not honored." Speaking of those rights (freedom of thought, religion, assembly, free expression, etc.), she concluded that these rules are the future of Europe and of those countries should they become part of that mechanism. As to the issue of Macedonia becoming a full member of the Council, as requested by Chairman Andov, Lalumiere said that "this is a very important gesture, not only because of the desire of the Republic to become part of that organization, but also the desire to be part of an organization with built-in principles." What, however, should Macedonia's answer be to the question of the Council of Europe in order for it to be accepted? According to her, "the most important thing is for the Republic to maintain peace on its territory and to ensure the security of all people in it and respect for their rights, regardless of whether they are of Albanian, Bulgarian, Serb, or any other origin." "This," she added, "is the most necessary prerequisite in addition to the need to display tolerance so that what is happening in Bosnia, which is the opposite of what the Council of Europe demands, will not happen here."

Asked about her view on the rights of Albanians in Macedonia, she evaded the question, saying that "she still has not visited our country and is not familiar with the situation." However, she added, it is a necessary prerequisite for those who live in it to be accepted by the authorities, for this is a prerequisite for the existence of the Republic and, in our view, for the stability of the area. Specifically mentioning the aid the Republic could expect, she said: "We cannot do a great deal, but we can do whatever we can, and will continue to do. This means assisting the authorities in the Republic in applying the rules on which we have agreed and which I already mentioned. I believe that this also helps your country. You have neither an army nor weapons but you have experience in the political system which is progressive and is an advantage for your country. Specifically, we shall participate in the census being organized in Macedonia, for this is a sensitive issue, and its purpose is to determine the size of the different ethnic groups on your territory. Our experts will participate and will submit a report on the subjective situation."

Police Struggle Against Crime, Ethnic Problems

93BA1207C Skopje NOVA MAKEDONIJA in
Macedonian 17 Jun 93 pp 1-2

[Communication by the MVR: "Police Actions Obstructed"]

[Text] *The MVR [Ministry of Internal Affairs] regrets the new type of resistance, according to which, on a given signal, a large group of citizens gather, thus enabling the perpetrator to escape. The most frequent problems are at Bit-Pazar, and the biggest problems involve ethnic Albanians.*

Current living conditions are the grounds for a continuing increase and the presence of ever more complex and better organized forms of criminal and other prohibited activities. This situation objectively requires the police to perform security functions and, because of obstructions, to intensify steps and activities in preventing unobstructed criminal activities in general. However, in fulfilling their security assignments, authorized MVR workers are increasingly meeting the active opposition of individuals and groups and refusals to obey the rules when it is necessary to restore public order and peace, prevent crime, and so on. In some cases, police are most rudely ignored and prevented from carrying out their assignments. They are subjected to physical attacks and are injured.

This kind of opposition is organized and, with increasing impudence, is noticed more frequently in the Bit-Pazar area in Skopje. In taking steps and actions to block the increased number of criminal acts (prohibited trade in drugs, cigarettes, foreign currency, weapons, etc.) in the Bit-Pazar and Starata Carsija areas, of late the personnel of the local police station and other authorized officials in that area (particularly after the 6 November 1992 incident) are treated with disrespect and physically prevented from carrying out their security assignments. Furthermore, their interventions, although within their legal authority, are becoming increasingly difficult and involve great risk of possible severe bodily damage, and so on.

The physical interference with the police in the course of performing their security assignments is most frequently done and organized by the criminals—dealers in drugs, foreign currency, and cigarettes—of Albanian nationality. With a view to ensuring the support of the public and the power institutions for their illegal behavior, they depict the legitimate measures taken against them as the repression and suppression of the Albanian minority. They are trying to politicize the steps taken by the MVR in fighting crime. Opposition and active resistance are not the work exclusively of the criminals against whom the authorized individuals apply the specific legal steps, but also indicate solidarity by a larger group of citizens who, when summoned, immediately gather around and "help" the perpetrator to avoid the police and flee, after which, by fleeing themselves, such individuals escape having proper legal steps taken against themselves. This new way of resistance—unlike the previous one, according to which, after the police had intervened, protest meetings were organized, followed by violence and vandalism (breakage and other damages)—indicates a better organized activity by this category of citizens who, most likely, are prepared in advance to carry out their objective more easily and without consequences.

Increased Criminal Behavior

The problem of the MVR personnel in that area has especially worsened of late, as confirmed by information on the steps taken against the perpetrators in the period following the incident of 6 November 1992. It was

precisely during that period that 26 cases of attacks on and obstruction of officials were registered in the Bit-Pazar area, committed by 31 individuals against whom proper legal steps were taken. Seven of these cases qualify as crimes—attacks on official persons engaged in security work (Article 204 of the Macedonian Penal Code), of which nine individuals have been charged; requests for indictment for criminal attacks, obstruction, or insulting officials have been filed against nine people (Article 15, Paragraph 9, ZPJR [Law on Public Infractions of the Republic of Macedonia]), and 10 charges involving 12 individuals, for the crime of showing disrespect for an official (Article 15, Paragraph 1, ZPJR). Within the same period of last year, only nine violations of this kind were registered (nine attacks and obstructions, and six cases of showing disrespect for officials).

Attacks on the Police

The drastic increase in the number of attacks, obstructions, and disrespectful treatment of officials, compared with the same period last year, as well as the fact that no such high number of attacks has ever been recorded for the same period of time in the other parts of the city, is an indication that in this area the criminals are more perfidious, better organized, and more impudent in their actions and that they more frequently obstruct and attack authorized individuals. This also leads to the view that the lives of the police and the other authorized personnel performing their functions are subject to greater threats and risks.

The conclusion based on a study of the cases recorded during that period is that one-half of the accused individuals who have obstructed authorized personnel are of Albanian nationality; 25 percent are Macedonians (acting individually), while the others are citizens of the Federal Republic of Yugoslavia, who engaged in prohibited trade in the Bit-Pazar area. In terms of the age breakdown of the perpetrators, on an average they are aged between 20 and 30. The highest number (60 percent) of such criminal actions against the police have occurred between 3:00 and 4:00 p.m.; one-half of them, following the police intervention, have taken place in the course of taking steps against the black-marketing of foreign currency; 25 percent, in taking steps to prevent prohibited trade in cigarettes and other objects; and in the other cases, in asking people to show identity documents, detentions, fleeing the site of the crime, etc.

An important aspect in the consideration of such problems is the fact that any maligning, obstructing, and attacking authorized individuals in that area, perpetrated by individuals of Albanian nationality, has been followed by a mass gathering of other individuals of the same nationality, engaged in a variety of criminal actions, and by passers-by. Usually, whenever the police intervenes, they are on the side of the criminal. They surround the policemen, curse them and make other statements in the sense of rejecting their authority and, frequently, attack them physically, with a view to freeing the individual, after which they themselves escape in

order to avoid legitimate consequences. A comparative consideration of recorded cases of attacks of authorized individuals indicate that on an average between 100 and 150 individuals gather around the policemen (initially there were 10 to 12), mostly dealers engaged in prohibited trade in cigarettes, foreign currency, and other prohibited items.

Weekly Conflicts

In connection with the increased frequency of attacks of authorized officials in the Bit-Pazar area, a particularly drastic example was provided last month (May): virtually every week there were clashes in the area between police and some criminals, usually operating in the market itself, along Belgradska Street, the covered market, the Ilinden General Store, and the entrance in front of the Mavrovka DTC [State Trading Center]. Last May, two significant cases of preventing an authorized individual from carrying out his official duties and obstruction were registered. The first occurred on 11 May 1993, at around 3:00 p.m., when three policemen from the Bit-Pazar Police Station, who had apprehended an individual from Kondovo village for prohibited trade in cigarettes, were surrounded initially by 30 and then by an increasing number of people (like the 6 November 1992 event that, subsequently, had other negative implications involving mass protests). In the second case, which took place on 31 May 1993 in the same area, around 3:00 p.m., about 150 Albanian nationals prevented three policemen from that station from apprehending an individual caught in prohibited cigarette trading. The crowd threatened and pushed the policemen around, and some people tried physically to attack them, so that in the course of this confusion they were able to protect the perpetrator, after which they all dispersed fleeing, thus avoiding the legitimate consequences.

It is also worth noting that despite such increased frequency of cases and increased mass resistance, the attitude of the police in intervening in that area does not exceed the limits of the law. It is also worth noting that the authorized officials are not resisted exclusively in the case of organized activities involving black-market dealings in currency but also in checking restaurants, violations of public order and peace, identification requests, traffic measures, and anything else that speaks of increased activities in that area.

The Police Are Forced To Adopt a Passive Attitude

Bearing such situations in mind, one should note that the thus increased manifestations of active and passive opposition in that area is aimed at making it impossible for the police to carry out their legitimate functions and duties.

Such frequent obstructions and attacks on the police and their interpretation among the public and in parliament as deliberate police provocations and the politicizing of the criminals threaten the shaping of a passive attitude

and avoidance of interventions by the personnel of the security service, leading to a growth of organized crime in that area and beyond it, something that subsequently would have catastrophic consequences for the peace and safety of the citizens.

In order to surmount this problem, the Ministry of Internal Affairs is taking steps to provide better protection to the authorized officials in carrying out their duties in that area.

We must also bear in mind the essence of such attacks and mass opposition to the police in the course of which incidents triggered by individuals engaged in prohibited actions call for general mutiny and solidarity with the allegedly "rightless individual," followed by misconstruing of events. This can easily develop into incidents of broader dimensions with enforceable consequences.

On this basis, the initiators and organizers of this type of greater opposition to the police will be charged with greater liability in the course of taking legitimate actions in accordance with the law.

Bearing in mind the implications and the consequences that may arise in mass opposition to the police, the citizens are asked by the townships, local associations, political parties and associations, schools, families, etc., to make their contribution to the institutional resolution of this problem, the communication of the MVR concludes.

Technical, Labor Problems at Bitola Plant

93BA1258A *Skopje VECER in Macedonian*
7 Jul 93 p 4

[Unattributed Article: "Breakdown of the Power System Avoided"]

[Text] *Yesterday, slightly before 1300, there was a breakdown along the 400-kilovolt Dubrovo-Bitola power cable, following which there was a breakdown of the reserve power cables caused by overloading;*

By 1700 the system had been saved with the help of the neighbors and the restarting of the two power blocks of the Bitola REK [Republic Electric Power Combine]

Yesterday, at 1243, suddenly the 400-kilovolt Dubrovo-Bitola or Bitola-Dubrovo power cable broke down. This is one of the main power transmission lines of our general power system. Since at that time the Bitola thermoelectric power plant was generating electric power, this event affected the 110-kilovolt conduits which, as a result of the overloading, began to short-circuit one after another. For that reason the generating of electric power at Bitola 1 and Bitola 2 was stopped while, as we know, Bitola 3 is undergoing its regular annual repair. Due to the switching off of the system, the main load, along the second power cable—the 400-kilovolt from Salonika assumed a full load and so did the remaining power cables from the north and the south. As a result of the drop in the load, the power in some parts of the Republic was turned off. According to

the information supplied by Dimitar Stojanov, chief dispatcher of the Macedonian electric power utility, slightly after 1400, when it was thought that the crisis could be avoided, the second 400-kilovolt Salonika cable broke down. At those critical moments, there was nothing to prevent a general collapse of the system. The available tension was raised to the maximum and the same was probably done by our neighbors as well who, at that time, were linked to our system. It was thus, and particularly with a subsequent drastic reduction in the use of electric power that the system was balanced. However, the danger of a total breakdown remained. The first step was to reduce the use of power in Skopje and in the biggest power consumers to a technologically minimal level. The power plants were informed. There was also maximal switching and loading of conduits from the neighboring Republic of Bulgaria, which supplies electric power to the eastern part of Macedonia.

The information we obtained from the chief dispatcher of the Macedonian Electric Power Utility yesterday, between 1730 and 1745, gave new hope that the threat of an overall breakdown of the Macedonian electric power system could be avoided. According to that source, at 1710 the first block of the Bitola REK was restarted and, after the increase of pressure, about an hour and a half later, the second block was restarted as well.

As we know, during that time the other capacities were undergoing their regular annual maintenance. Until the two blocks of the Bitola REK were switched on to full capacity, help was provided by the Vrudok, Raven, Globocica and Tikves hydraulic power plants.

In former Yugoslavia, the power system of the former Yugoslav republics, including the Republic of Macedonia as a whole, was linked to the only European Inter-Konski system (ICPET), via Greece and Albania and through them to Europe. In 1991, first to be excluded from this system was part of Croatia—Slavonia—and on 30 September of that year so was the Republic of Macedonia. It is thus that our power system found itself as of that point on within "local" Balkan boundaries.

The initial speculative information that spread throughout the country with the speed of electric power, was based on the fact that the problems were caused by the strike at the Bitola REK. Actually, according to reliable reports we obtained before the newspaper went to press, we cannot firmly conclude that the cause lies at the Bitola REK. On the contrary, the experts were of the opinion that the strike at the combine and the breakdown of the power system were only coincidental, for at the time of the breakdown along the 400-kilovolt Dubrovo-Bitola power cable, the two blocks at the Bitola REK were operational.

It is believed that it was only the high skill and professionalism of the experts at the Macedonian Electric Power Utility, particularly during the critical moments, that the system was saved from a general breakdown, something that would have caused unimaginable consequences.

Electrified Atmosphere

Bitola, 7 July. The strike of some of the personnel at the Bitola REK is continuing. The atmosphere at the combine has begun to worsen instead of improve. Thus, since the day before yesterday, the Suvodol Mine has remained idle, and so is the Equipment Manufacturing Factory. In the course of yesterday the combine reached a point of virtual halt. Around noon, for reasons so far unexplained, the two blocks broke down and, bearing in mind that for the past two days the Bitola 3 had been undergoing repairs, the "effect" of the strike becomes total. In the early morning hours, it was reported that Kole Spasevski, the general director of the Electric Power Utility, had suspended 16 workers, 10 of whom were members of the strike committee, and six trade union activists. This had electrified the atmosphere to the point that a greater number of the strikers in the mine went to the main entrance of the combine where protest speeches were made. The strikes refused to co-opt new members of the body that was to engage in a dialogue with the management, for which reason the committee met outside the combine. The strike committee reported that as of yesterday they had been joined by the combine's specialists, but that the administrative personnel were not striking.

[Box, p 4]

Suspended

On the basis of Article 69, Paragraph 2, of the Law on the Basic Rights in Labor Relations, and Articles 41 and 42 of the Law on Labor Relations, the following personnel were temporarily suspended for failure to ensure a minimum level of operations at the public enterprise: Tomislav Jovanovski, Ljupco Atanasov, Zivko Civkovski, Vasko Kostovski, Ljubisa Talevski, Tode Boskov, Risto Ristovski, Pece Markovski, Sine Djosen, Stoil Petrovski, Dragan Petkovski, Tome Karovski, Dimce Tolevski, Tode Ristevski, Vlado Sugarevski, and Mile Majdenovski.

Lagging Dialogue

Yesterday, representatives of the republic trade union arrived in Bitola. They had already informed the Bitola REK trade union leadership that they were to meet with the management of the electric power utility. The Bitola REK trade union leadership did not respond to this appeal and no dialogue took place.

We were informed by representatives of the strike committee and the trade union that they had waited until 1600 for the guests from Skopje to arrive. However, since the representatives of the trade union had not arrived at the Bitola REK by that time, they dispersed.

Wrong Role

Last night, at about 1900, the following statement was issued by Stojko Mojancevski, general director of the Bitola REK:

"The strike committee is suspended from work because of its role in leading and preventing the other personnel and issuing the order to close down the mine. No dialogue will take place with that strike committee which has been temporarily suspended. We can engage in a dialogue at any time with the remaining members of the trade union and the workers. Notification to this effect was issued to the members of the strike committee. They have not set up a new committee. The strike committee must ensure minimum working conditions and, according to law, cannot prevent work or assume a management role."

[Box, p 4]

Analysis of the Reasons

According to Kole Spasevski, general director of the Macedonian Electric Power Utility, the reason for the breakdown of the Bitola thermoelectric power plant was the grounding of the Bitola-Dubrovo cable. Spasevski told us that he had gone to Bitola to discuss matters with the strike committee, that being his assignment and purpose. However, this did not happen. This is not to say that it will not happen today. Spasevski made the following statement as well:

"The leadership of the electric power utility, the leadership of the Bitola REK, and the government of the Republic of Macedonia point out the possible consequences of an improperly organized strike, particularly the fact that representatives of the Bitola REK had realized the economic and financial condition of the Macedonian Electric Power Utility Public Enterprise and agreed that a correction of wages would follow by two months any changes in the price of electric power, based on the then existing economic possibilities of the electric power utility. Despite this agreement, the strikers blocked production at the coal mine and applied strong pressure at the thermoelectric power plant to stop the generating of electric power, thus contributing to the breakdown of the electric power system of the Republic of Macedonia. Expert studies that are currently being made will determine the extent to which the strike is responsible for the breakdown of the entire electric power system and of the two blocks at the Bitola REK."

The Strike Viewed as Coincidence

In connection with yesterday's breakdown of the two Bitola thermoelectric power blocks, Dragan Petkovski, chairman of the Bitola REK Trade Union Organization, said:

"The second block broke down the day before yesterday. However, the defect was eliminated and it resumed work. Meanwhile, yesterday, shortly before 1300, the first and second blocks broke down allegedly, according to my information, as a result of lightning. This can be confirmed best with the help of the computer. Therefore, the strike and its leadership have nothing to do with the breakdown. We try to negotiate our demands differently, through talks."

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